



## Press Release

For Immediate News Release  
April 16, 2008

### **MISSION WEST PROPERTIES ANNOUNCES FIRST QUARTER 2008 OPERATING RESULTS**

***“We build the buildings for the high tech companies that build the internet”***

**Cupertino, CA – Mission West Properties, Inc. (NASDAQ: MSW)** reported today that Funds From Operations (“FFO”) for the quarter ended March 31, 2008 was approximately \$15,223,000 or \$0.14 per diluted common share (considering the potential effect of all O.P. units being exchanged for shares of the Company’s common stock) as compared to approximately \$23,905,000 or \$0.23 per diluted common share for the same period in 2007. On a sequential quarter basis, FFO for the quarter ended December 31, 2007 was approximately \$0.13 per diluted common share. Termination fees and security deposit forfeitures income relating to lease terminations accounted for approximately \$1,921,000, or \$0.02 per diluted common share and \$10,109,000, or \$0.10 per diluted common share for the quarters ended March 31, 2008 and 2007, respectively. Write-off of an above market lease intangible asset against income relating to one lease termination accounted for approximately \$3,619,000, or \$0.03 per diluted common share for the quarter ended March 31, 2007.

Net income per diluted share to common stockholders was \$0.10 for the quarter ended March 31, 2008 compared to \$0.17 for the quarter ended March 31, 2007, a per share decrease of approximately 41.1%. Termination fees and security deposit forfeitures income relating to lease terminations accounted for approximately \$0.02 and \$0.10 per diluted common share for the quarters ended March 31, 2008 and 2007, respectively. Write-off of in-place lease intangible assets against income relating to two lease terminations accounted for approximately \$0.04 per diluted common share for the quarter ended March 31, 2007.

#### ***Acquisition Activity***

In January 2008, the Company acquired a vacant R&D property consisting of approximately 110,500 rentable square feet located at 5981 Optical Court in San Jose, California from the Berg Group under the Berg Land Holdings Option Agreement for an acquisition cost of approximately \$19,068,000. The building was leased within several days of the acquisition. The first year anticipated un-leveraged cash return for this property is approximately 11.5%.

In February 2008, the Company acquired a fully leased office/R&D property with approximately 75,300 rentable square feet located at 2904 Orchard Parkway in San Jose, California from an unrelated third party. The total acquisition price for this property was approximately \$16,696,000 and was partially funded from the proceeds received from the 1170 Morse Avenue property sale in September 2007, which was classified as restricted cash as of December 31, 2007. The first year anticipated un-leveraged cash return for this property is approximately 7.3%.

## **Company Profile**

Mission West Properties, Inc. operates as a self-managed, self-administered and fully integrated REIT engaged in the management, leasing, marketing, development and acquisition of commercial R&D properties, primarily located in the Silicon Valley portion of the San Francisco Bay Area. Currently, the Company manages 111 properties totaling approximately 8.0 million rentable square feet, which includes approximately 854,000 rentable square feet (or 16 buildings) that are in the process of being rezoned for residential development. For additional information, please contact Investor Relations at 408-725-0700.

*The matters described herein contain forward-looking statements. Such statements can be identified by the use of forward-looking terminology such as "will," "anticipate," "estimate," "expect," "intends," or similar words. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the Company's control, which may cause material differences in actual results, performance or other expectations. These factors include, but are not limited to, the ability to complete acquisitions under the Berg Land Holdings Option Agreement with the Berg Group and other factors detailed in the Company's registration statements, and periodic filings with the Securities & Exchange Commission.*

**MISSION WEST PROPERTIES, INC.**  
**SELECTED FINANCIAL DATA**  
(In thousands, except share, per share and property data amounts)

	<b>Three Months Ended Mar 31, 2008</b>	<b>Three Months Ended Mar 31, 2007</b>
<b>REVENUES:</b>		
Rental revenue from real estate	\$18,996	\$21,202
Above market lease intangible asset amortization	-	(4,091) <sup>(1)</sup>
Tenant reimbursements	3,583	3,214
Lease termination income	1,921	10,109
Other income, including interest	786	3,056
Total revenues	25,286	33,490
<b>EXPENSES:</b>		
Operating expenses	2,477	1,959
Real estate taxes	2,411	2,562
Interest	4,927	5,069
Interest (related parties)	436	184
General and administrative	673	713
Depreciation and amortization of real estate	5,623 <sup>(2)</sup>	6,154 <sup>(2)</sup>
Total expenses	16,547	16,641
Income before equity in earnings of unconsolidated joint venture and minority interests	8,739	16,849
Equity in earnings of unconsolidated joint venture	382	337
Minority interests	(7,239)	(13,820)
Income from continuing operations	1,882	3,366
Discontinued operations, net of minority interests:		
Income attributable to discontinued operations	-	9
Income from discontinued operations	-	9
Net income to common stockholders	\$1,882	\$ 3,375
Net income to minority interests	\$7,239	\$13,879
Income per share from continuing operations:		
Basic	\$0.10	\$0.17
Diluted	\$0.10	\$0.17
Income per share from discontinued operations:		
Basic	-	-
Diluted	-	-
Net income per share to common stockholders:		
Basic	\$0.10	\$0.17
Diluted	\$0.10	\$0.17
Weighted average shares of common stock (basic)	19,667,605	19,582,787
Weighted average shares of common stock (diluted)	19,667,605	19,889,453
Weighted average O.P. units outstanding	85,530,417	85,066,999
<b>FUNDS FROM OPERATIONS</b>		
Funds from operations	\$15,223	\$23,905
Funds from operations per share <sup>(3)</sup>	\$0.14	\$0.23
Outstanding common stock	19,669,807	19,625,587
Outstanding O.P. units	85,528,215	85,024,199
Weighted average O.P. units and common stock outstanding (diluted)	105,198,022	104,956,452

<b>FUNDS FROM OPERATIONS CALCULATION</b>	<b>Three Months Ended Mar 31, 2008</b>	<b>Three Months Ended Mar 31, 2007</b>
Net income	\$ 1,882	\$ 3,375
Add:		
Minority interests <sup>(4)</sup>	7,128	13,755
Depreciation and amortization of real estate from continuing operations	6,024	6,530
Depreciation and amortization of real estate from discontinued operations	-	56
Depreciation & amortization of real estate held in unconsolidated joint venture	189	189
Funds from operations	<u>\$15,223</u>	<u>\$23,905</u>

Funds From Operations (“FFO”) is a non-GAAP financial measurement used by real estate investment trusts (“REITs”) to measure and compare operating performance. As defined by NAREIT, FFO represents net income (loss) before minority interest of unit holders (computed in accordance with GAAP, accounting principles generally accepted in the United States of America), excluding gains (or losses) from debt restructuring and sales of property, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs and depreciation of non-real estate assets) and after adjustments for unconsolidated partnerships and joint ventures. Management considers FFO to be an appropriate supplemental measure of the Company’s operating and financial performance because when compared year over year, it reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, general and administrative expenses and interest costs, providing a perspective not immediately apparent from net income. In addition, management believes that FFO provides useful information about the Company’s financial performance when compared to other REITs since FFO is generally recognized as the industry standard for reporting the operations of REITs. FFO should neither be considered as an alternative for net income as a measure of profitability nor is it comparable to cash flows provided by operating activities determined in accordance with GAAP. FFO is not comparable to similarly entitled items reported by other REITs that do not define them exactly as we define FFO.

<b>PROPERTY AND OTHER DATA:</b>	<b>Three Months Ended Mar 31, 2008</b>	<b>Three Months Ended Mar 31, 2007</b>
Total properties, end of period	111	107
Total square feet, end of period	8,047,569	7,701,359
Average monthly rental revenue per square foot <sup>(5)</sup>	\$1.23	\$1.50
Occupancy for leased properties	64.4%	69.4%
Straight-line rent	\$705	(\$1,595)
Leasing commissions	\$316	\$ 458
Capital expenditures	\$221	\$ 863

<b>BALANCE SHEET</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Assets:		
Land	\$ 320,911	\$ 312,152
Buildings and improvements	790,770	764,665
Real estate related intangible assets	3,240	2,119
Total investments in properties	1,114,921	1,078,936
Less accumulated depreciation and amortization	(162,442)	(156,819)
Net investments in properties	952,479	922,117
Cash and cash equivalents	21,611	23,691
Restricted cash	48,640	65,509
Deferred rent receivable	15,539	14,833
Investment in unconsolidated joint venture	2,667	2,735
Other assets, net	26,450	25,000
Total assets	<u>\$1,067,386</u>	<u>\$1,053,885</u>
Liabilities:		
Mortgage notes payable	\$ 334,774	\$ 337,520
Note payable – related parties	19,316	-
Mortgage note payable – related parties	9,112	9,224
Interest payable	1,320	1,331
Security deposits	4,793	4,754
Deferred rental income	4,775	3,302
Dividend/distribution payable	21,040	16,832
Accounts payable and accrued expenses	18,925	15,618
Total liabilities	<u>414,055</u>	<u>388,581</u>
Minority interests	<u>516,504</u>	<u>526,626</u>
Stockholders' equity:		
Common stock, \$.001 par value	20	20
Additional paid-in capital	153,224	153,024
Distributions in excess of accumulated earnings	(16,417)	(14,366)
Total stockholders' equity	<u>136,827</u>	<u>138,678</u>
Total liabilities and stockholders' equity	<u>\$1,067,386</u>	<u>\$1,053,885</u>

(1) Amortization of an above-market lease intangible asset pursuant to Statement of Financial Accounting Standard No. 141, "Business Combinations."

(2) Includes approximately \$122 and \$1,193 in amortization expense for the three months ended March 31, 2008 and 2007, respectively, for the amortization of in-place lease value intangible asset pursuant to Statement of Financial Accounting Standard No. 141, "Business Combinations."

(3) Calculated on a fully diluted basis. Assumes conversion of O.P. units outstanding into the Company's common stock.

(4) The minority interest for third parties has been deducted from total minority interest in calculating FFO.

(5) Average monthly rental revenue per square foot has been determined by taking the cash base rent for the period divided by the number of months in the period, and then divided by the average occupied square feet in the period.