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Press Release

For Immediate News Release
April 14, 2004

MISSION WEST PROPERTIES, INC. ANNOUNCES FIRST QUARTER 2004 UNAUDITED EARNINGS RESULTS

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

Cupertino, CA – Mission West Properties, Inc. (AMEX/PCX: MSW) reported today that Funds From Operations (“FFO”) for the quarter ended March 31, 2004 was \$27,178,000 or \$0.26 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 \$28,655,000 or \$0.28 per diluted common share for the same period in 2003, a per share decrease of approximately 7.1%. On a sequential quarter basis, FFO per diluted common share decreased \$0.04 over the previous quarter ended December 31, 2003, which included \$0.02 per diluted share from prior tenant bankruptcy settlements.

Net income to common stockholders per diluted share was \$0.20 for the quarter ended March 31, 2004 compared to \$0.23 for the same period in 2003, a per share decrease of approximately 13%.

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 109 properties totaling approximately 7.9 million square feet. 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
UNAUDITED

(In thousands, except share, per share and property data amounts)

	Three Months Ended Mar 31, 2004	Three Months Ended Mar 31, 2003
REVENUES:		
Rental revenues from real estate	\$32,048	\$31,431
Tenant reimbursements	4,218	4,575
Other income, including interest	394	735
Total revenues	36,660	36,741
EXPENSES:		
Operating expenses	1,991	1,519
Real estate taxes	2,994	3,075
Depreciation & amortization of real estate	5,852 ⁽¹⁾	4,563
General and administrative	348	358
Interest	4,363	3,406
Interest (related parties)	252	294
Total expenses	15,800	13,215
Income before minority interests & equity in earnings of unconsolidated joint venture	20,860	23,526
Equity in earnings of unconsolidated joint venture	591	737
Income before minority interests	21,451	24,263
Minority interests	17,817	20,229
Income from continuing operations	3,634	4,034
Net income to common stockholders	\$ 3,634	\$ 4,034
Net income to minority interests	\$17,817	\$20,229
Income per share from continuing operations:		
Basic	\$0.20	\$0.23
Diluted	\$0.20	\$0.23
Net income per share to common stockholders:		
Basic	\$0.20	\$0.23
Diluted	\$0.20	\$0.23
Weighted average shares of common stock (basic)	17,969,416	17,637,260
Weighted average shares of common stock (diluted)	18,075,262	17,695,001
Weighted average O.P. units outstanding	86,503,459	86,511,686
FUNDS FROM OPERATIONS		
Funds from operations	\$27,178	\$28,655
Funds from operations per share ⁽²⁾	\$ 0.26	\$ 0.28
Outstanding common stock	18,014,691	17,653,691
Outstanding O.P. units	86,467,195	86,498,064
Weighted average O.P. units & common stock outstanding (diluted)	104,578,721	104,206,687

FUNDS FROM OPERATIONS CALCULATION	Three Months Ended Mar 31, 2004	Three Months Ended Mar 31, 2003
Net income	\$ 3,634	\$ 4,034
Add:		
Minority interests (3)	17,692	20,057
Depreciation and amortization of real estate	5,852	4,564
Funds from operations	<u>\$27,178</u>	<u>\$28,655</u>

Funds From Operations ("FFO") is a non-GAAP financial measurement used by real estate investment trusts 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, amortization of commission and depreciation of non-real estate assets) and after adjustments for unconsolidated partnerships and joint ventures. Management considers FFO an appropriate measure of performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of our ability to incur and service debt, and make capital expenditures. FFO should not be considered as an alternative for net income as a measure of profitability or 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.

PROPERTY AND OTHER DATA:	Three Months Ended Mar 31, 2004	Three Months Ended Mar 31, 2003
Total properties, end of period	109	101
Total square feet, end of period	7,917,262	7,163,930
Average monthly rental revenue per square foot (4)	\$1.78	\$1.74
Average occupancy	75.8%	83.2%
Actual occupancy	75.3%	82.8%
Straight-line rent	(\$ 68)	\$244
Capital expenditures	\$1,076	\$653

BALANCE SHEET (UNAUDITED)

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Assets:		
Land	\$ 279,163	\$ 279,163
Buildings and improvements	785,812	785,660
Real estate related intangible assets	18,284	18,284
Total investments in properties	<u>1,083,259</u>	<u>1,083,107</u>
Less accumulated depreciation	(93,968)	(88,116)
Net investments in properties	<u>989,291</u>	<u>994,991</u>
Investments in unconsolidated joint venture	2,377	2,285
Net investments in real estate assets	<u>991,668</u>	<u>997,276</u>
Cash	3,094	4,129
Deferred rent	18,903	18,970
Other assets	14,547	16,025
Total assets	<u><u>\$1,028,212</u></u>	<u><u>\$1,036,400</u></u>
Liabilities:		
Line of credit – related parties	\$ 2,957	\$ 6,320
Revolving line of credit	20,810	23,965
Mortgage notes payable	298,564	299,858
Mortgage notes payable – related parties	10,679	10,762
Interest payable	332	332
Security deposits	9,696	10,248
Prepaid rental income	13,315	12,723
Dividend/distribution payable	25,076	25,031
Accounts payable and accrued expenses	8,297	5,085
Total liabilities	<u>389,726</u>	<u>394,324</u>
Minority interests	523,693	528,062
Stockholders' equity:		
Common stock, \$.001 par value	18	18
Paid in capital	133,604	132,136
Accumulated deficit	(18,829)	(18,140)
Total stockholders' equity	<u>114,793</u>	<u>114,014</u>
Total liabilities and stockholders' equity	<u><u>\$1,028,212</u></u>	<u><u>\$1,036,400</u></u>

- (1) Includes approximately \$912 in amortization expense for the three months ended March 31, 2004 for the amortization of the origination value and fair market value of acquired leases of the San Tomas Technology Park acquisition pursuant to Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations."
- (2) Calculated on a fully diluted basis. Assumes conversion of O.P. units outstanding into the Company's common stock.
- (3) The minority interest for third parties has been deducted from total minority interest in calculating FFO.
- (4) 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.