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Press Release

For Immediate News Release
July 20, 2005

MISSION WEST PROPERTIES ANNOUNCES SECOND QUARTER 2005 OPERATING 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 June 30, 2005 was \$21,141,000 or \$0.20 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 \$28,741,000 or \$0.27 per diluted common share for the same period in 2004. On a sequential quarter basis, FFO per diluted common share increased \$0.01 compared to the previous quarter ended March 31, 2005. Settlements of former tenant breach of lease and termination fees accounted for approximately \$0.01 and \$0.04 per diluted share in the second quarter 2005 and 2004, respectively. For the six months ended June 30, 2005, FFO decreased to \$41,449,000 or \$0.40 per diluted share from FFO of \$55,818,000 or \$0.53 per diluted share for the same period in 2004.

Net income to common stockholders per diluted share was \$0.15 for the quarter ended June 30, 2005 compared to \$0.21 for the same period in 2004, a per share decrease of approximately 28.6%. For the six months ended June 30, 2005, net income to common stockholders per diluted share was \$0.28, down from \$0.40 one year ago, a per share decrease of approximately 30.0%.

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 108 properties totaling approximately 8.0 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
(In thousands, except share, per share and property data amounts)

	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
REVENUES:				
Rental revenue from real estate	\$25,104 ⁽¹⁾	\$29,821 ⁽¹⁾	\$51,351 ⁽¹⁾	\$61,032 ⁽¹⁾
Tenant reimbursements	3,594	3,716	7,222	7,883
Other income, including lease terminations, settlements and interest	2,289	4,612	2,592	5,005
Total revenues	<u>30,987</u>	<u>38,149</u>	<u>61,165</u>	<u>73,920</u>
EXPENSES:				
Operating expenses	2,049	2,142	4,222	4,645
Real estate taxes	2,080	2,991	4,797	5,941
Interest	5,905	4,220	10,552	8,583
Interest (related parties)	243	252	549	504
General and administrative	443	885	1,118	1,233
Depreciation and amortization of real estate	5,369 ⁽²⁾	5,611 ⁽²⁾	10,942 ⁽²⁾	11,052 ⁽²⁾
Total expenses	<u>16,089</u>	<u>16,101</u>	<u>32,180</u>	<u>31,958</u>
Income before equity in earnings of unconsolidated joint venture and minority interests	14,898	22,048	28,985	41,962
Equity in earnings of unconsolidated joint venture	393	627	387	1,218
Minority interests	(12,594)	(18,871)	(24,272)	(35,915)
Income from continuing operations	<u>2,697</u>	<u>3,804</u>	<u>5,100</u>	<u>7,265</u>
Discontinued operations, net of minority interests:				
Gain from disposal of discontinued operations	-	-	14	-
(Loss)/income from discontinued operations	(2)	(9)	(12)	53
Income from discontinued operations	<u>(2)</u>	<u>(9)</u>	<u>2</u>	<u>53</u>
Net income to common stockholders	<u>\$ 2,695</u>	<u>\$ 3,795</u>	<u>\$ 5,102</u>	<u>\$ 7,318</u>
Net income to minority interests	<u>\$12,587</u>	<u>\$18,838</u>	<u>\$24,282</u>	<u>\$36,108</u>
Income per share from continuing operations:				
Basic	\$0.15	\$0.21	\$0.28	\$0.40
Diluted	\$0.15	\$0.21	\$0.28	\$0.40
Income per share from discontinued operations:				
Basic	-	-	-	\$0.01
Diluted	-	-	-	-
Net income per share to common stockholders:				
Basic	<u>\$0.15</u>	<u>\$0.21</u>	<u>\$0.28</u>	<u>\$0.41</u>
Diluted	<u>\$0.15</u>	<u>\$0.21</u>	<u>\$0.28</u>	<u>\$0.40</u>
Weighted average shares of common stock (basic)	<u>18,257,982</u>	<u>18,016,356</u>	<u>18,184,661</u>	<u>17,992,886</u>
Weighted average shares of common stock (diluted)	<u>18,283,058</u>	<u>18,079,139</u>	<u>18,229,245</u>	<u>18,075,734</u>
Weighted average O.P. units outstanding	<u>86,225,222</u>	<u>86,465,530</u>	<u>86,297,888</u>	<u>86,484,494</u>
FUNDS FROM OPERATIONS				
Funds from operations	\$21,141	\$28,741	\$41,449	\$55,818
Funds from operations per share ⁽³⁾	<u>\$ 0.20</u>	<u>\$ 0.27</u>	<u>\$ 0.40</u>	<u>\$ 0.53</u>
Outstanding common stock	<u>18,352,691</u>	<u>18,063,691</u>	<u>18,352,691</u>	<u>18,063,691</u>
Outstanding O.P. units	<u>86,169,195</u>	<u>86,418,195</u>	<u>86,169,195</u>	<u>86,418,195</u>
Weighted average O.P. units and common stock outstanding (diluted)	<u>104,508,281</u>	<u>104,544,669</u>	<u>104,527,133</u>	<u>104,560,229</u>

FUNDS FROM OPERATIONS CALCULATION	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Net income	\$ 2,695	\$ 3,795	\$ 5,102	\$ 7,318
Add:				
Minority interests (4)	12,453	18,706	24,028	35,850
Depreciation and amortization of real estate from continuing operations	5,783	5,940	11,785	12,049
Depreciation and amortization of real estate from discontinued operations	-	82	33	164
Depreciation & amortization of real estate held in unconsolidated joint venture	210	218	564	437
Less:				
Gain on sale of real estate	-	-	(63)	-
Funds from operations	<u>\$21,141</u>	<u>\$28,741</u>	<u>\$41,449</u>	<u>\$55,818</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 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 June 30, 2005	Three Months Ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
Total properties, end of period	108	109	108	109
Total square feet, end of period	8,019,082	7,917,262	8,019,082	7,917,262
Average monthly rental revenue per square foot (5)	\$1.59	\$1.79	\$1.60	\$1.79
Average occupancy	66.2%	71.6%	67.0%	73.7%
Actual occupancy	65.7%	71.6%	65.7%	71.6%
Straight-line rent	\$275	(\$ 81)	\$ 890	(\$ 149)
Leasing commissions	\$369	\$252	\$3,953	\$1,175
Capital expenditures	\$352	\$255	\$ 637	\$ 370

BALANCE SHEET

	<u>June 30, 2005</u>	<u>December 31, 2004</u>
Assets:		
Land	\$ 277,647	\$ 273,663
Buildings and improvements	778,277	770,757
Real estate related intangible assets	17,410	18,284
Total investments in properties	<u>1,073,334</u>	<u>1,062,704</u>
Less accumulated depreciation and amortization	(120,623)	(110,062)
Assets held for sale, net of accumulated depreciation of \$1,578 at December 31, 2004	-	8,221
Net investments in properties	<u>952,711</u>	<u>960,863</u>
Cash and cash equivalents	1,565	1,519
Restricted cash	1,551	1,551
Note receivable, net of deferred gain on sale of real estate of \$1,345	2,715	-
Deferred rent receivable	19,401	18,511
Investment in unconsolidated joint venture	3,436	3,559
Other assets	26,258	19,653
Total assets	<u><u>\$1,007,637</u></u>	<u><u>\$1,005,656</u></u>
Liabilities:		
Line of credit – related parties	\$ 444	\$ 9,560
Revolving line of credit	19,172	24,208
Mortgage notes payable	314,506	292,822
Mortgage notes payable – related parties	10,239	10,420
Interest payable	327	327
Security deposits	8,509	8,544
Deferred rental income	9,290	11,038
Liabilities related to assets held for sale	-	14
Dividend/distribution payable	16,718	16,718
Accounts payable and accrued expenses	7,215	6,704
Total liabilities	<u>386,420</u>	<u>380,355</u>
Minority interests	506,208	512,089
Stockholders' equity:		
Common stock, \$.001 par value	18	18
Paid in capital	137,067	134,539
Accumulated deficit	(22,076)	(21,345)
Total stockholders' equity	<u>115,009</u>	<u>113,212</u>
Total liabilities and stockholders' equity	<u><u>\$1,007,637</u></u>	<u><u>\$1,005,656</u></u>

- (1) Includes approximately \$472 in amortization expense for the three months ended June 30, 2005 and 2004 and approximately \$944 in amortization expense for the six months ended June 30, 2005 and 2004 for the amortization of the above-market lease intangible asset of the San Tomas Technology Park acquisition pursuant to Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations."
- (2) Includes approximately \$361 and \$714 in amortization expense for the three months ended June 30, 2005 and 2004, respectively, and approximately \$801 and \$1,291 in amortization expense for the six months ended June 30, 2005 and 2004, respectively, for the amortization of in-place lease value of the San Tomas Technology Park acquisition pursuant to Statement of Financial Accounting Standard ("SFAS") 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. 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.
- (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.