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Press Release

For Immediate News Release
October 19, 2005

MISSION WEST PROPERTIES ANNOUNCES THIRD 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 September 30, 2005 was \$18,528,000 or \$0.18 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 \$24,519,000 or \$0.23 per diluted common share for the same period in 2004. On a sequential quarter basis, FFO per diluted common share decreased \$0.02 compared to the previous quarter ended June 30, 2005. Settlements of former tenant breach of lease and termination fees accounted for approximately \$0.02 per diluted share in the second quarter 2005. For the nine months ended September 30, 2005, FFO decreased to \$59,977,000 or \$0.57 per diluted share from FFO of \$80,338,000 or \$0.77 per diluted share for the same period in 2004.

Net income to common stockholders per diluted share was \$0.13 for the quarter ended September 30, 2005 compared to \$0.18 for the same period in 2004, a per share decrease of approximately 27.8%. For the nine months ended September 30, 2005, net income to common stockholders per diluted share was \$0.41, down from \$0.58 one year ago, a per share decrease of approximately 29.3%.

Financing Activity

In July 2005, the Company obtained a \$125 million secured fully amortizing 20 year mortgage loan from Allianz Life Insurance Company of North America that bears annual fixed interest rate of 5.22%. The mortgage loan is secured by eight properties. The Company paid approximately \$838,000 in loan fees and financing costs and used the proceeds to primarily pay off short-term debt and the Berg Group line of credit.

Disposition Activity

In October 2005, the Company completed the sale of a 239,000 rentable square foot R&D property at 800 Embedded Way, San Jose, California. A gain of approximately \$0.8 million will be realized on the total sales price of \$15.1 million.

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 107 properties totaling approximately 7.8 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 Sept 30, 2005	Three Months Ended Sept 30, 2004	Nine Months Ended Sept 30, 2005	Nine Months Ended Sept 30, 2004
REVENUES:				
Rental revenue from real estate	\$24,692 ⁽¹⁾	\$29,494 ⁽¹⁾	\$76,043 ⁽¹⁾	\$ 90,526 ⁽¹⁾
Tenant reimbursements	4,031	3,740	11,254	11,623
Other income, including lease terminations, settlements and interest	426	396	3,018	5,401
Total revenues	<u>29,149</u>	<u>33,630</u>	<u>90,315</u>	<u>107,550</u>
EXPENSES:				
Operating expenses	2,497	2,246	6,635	6,877
Real estate taxes	2,804	2,559	7,466	8,364
Interest	5,494	4,468	16,046	13,051
Interest (related parties)	229	256	779	760
General and administrative	424	395	1,542	1,628
Depreciation and amortization of real estate	5,268 ⁽²⁾	5,269 ⁽²⁾	16,005 ⁽²⁾	16,168 ⁽²⁾
Total expenses	<u>16,716</u>	<u>15,193</u>	<u>48,473</u>	<u>46,848</u>
Income before equity in earnings of unconsolidated joint venture and minority interests	12,433	18,437	41,842	60,702
Equity in earnings of unconsolidated joint venture	291	345	677	1,564
Minority interests	(10,551)	(15,590)	(35,172)	(51,757)
Income from continuing operations	<u>2,173</u>	<u>3,192</u>	<u>7,347</u>	<u>10,509</u>
Discontinued operations, net of minority interests:				
Gain from disposal of discontinued operations	291	-	305	-
(Loss)/income from discontinued operations	(13)	(19)	(98)	(18)
Income from discontinued operations	<u>278</u>	<u>(19)</u>	<u>207</u>	<u>(18)</u>
Net income to common stockholders	<u>\$ 2,451</u>	<u>\$ 3,173</u>	<u>\$ 7,554</u>	<u>\$10,491</u>
Net income to minority interests	<u>\$11,541</u>	<u>\$15,488</u>	<u>\$35,823</u>	<u>\$51,596</u>
Income per share from continuing operations:				
Basic	\$0.12	\$0.18	\$0.40	\$0.58
Diluted	\$0.12	\$0.18	\$0.40	\$0.58
Income per share from discontinued operations:				
Basic	\$0.01	-	\$0.01	-
Diluted	\$0.01	-	\$0.01	-
Net income per share to common stockholders:				
Basic	<u>\$0.13</u>	<u>\$0.18</u>	<u>\$0.41</u>	<u>\$0.58</u>
Diluted	<u>\$0.13</u>	<u>\$0.18</u>	<u>\$0.41</u>	<u>\$0.58</u>
Weighted average shares of common stock (basic)	<u>18,356,278</u>	<u>18,071,484</u>	<u>18,242,495</u>	<u>18,019,277</u>
Weighted average shares of common stock (diluted)	<u>18,407,891</u>	<u>18,098,174</u>	<u>18,289,699</u>	<u>18,077,854</u>
Weighted average O.P. units outstanding	<u>86,169,195</u>	<u>86,410,402</u>	<u>86,254,519</u>	<u>86,459,617</u>
FUNDS FROM OPERATIONS				
Funds from operations	\$18,528	\$24,519	\$59,977	\$80,338
Funds from operations per share ⁽³⁾	<u>\$ 0.18</u>	<u>\$ 0.23</u>	<u>\$ 0.57</u>	<u>\$ 0.77</u>
Outstanding common stock	<u>18,367,691</u>	<u>18,077,191</u>	<u>18,367,691</u>	<u>18,077,191</u>
Outstanding O.P. units	<u>86,169,195</u>	<u>86,404,695</u>	<u>86,169,195</u>	<u>86,404,695</u>
Weighted average O.P. units and common stock outstanding (diluted)	<u>104,577,086</u>	<u>104,508,576</u>	<u>104,544,218</u>	<u>104,537,470</u>

FUNDS FROM OPERATIONS CALCULATION	Three Months Ended Sept 30, 2005	Three Months Ended Sept 30, 2004	Nine Months Ended Sept 30, 2005	Nine Months Ended Sept 30, 2004
Net income	\$ 2,451	\$ 3,173	\$ 7,554	\$10,491
Add:				
Minority interests (4)	11,414	15,377	35,441	51,228
Depreciation and amortization of real estate from continuing operations	5,721	5,592	17,301	17,488
Depreciation and amortization of real estate from discontinued operations	77	159	315	476
Depreciation & amortization of real estate held in unconsolidated joint venture	210	218	774	655
Less:				
Gain on sale of real estate	(1,345)	-	(1,408)	-
Funds from operations	<u>\$18,528</u>	<u>\$24,519</u>	<u>\$59,977</u>	<u>\$80,338</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 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 Sept 30, 2005	Three Months Ended Sept 30, 2004	Nine Months Ended Sept 30, 2005	Nine Months Ended Sept 30, 2004
Total properties, end of period	107	109	107	109
Total square feet, end of period	7,780,082	7,917,262	7,780,082	7,917,262
Average monthly rental revenue per square foot (5)	\$1.57	\$1.81	\$1.56	\$1.79
Average occupancy	67.5%	69.2%	68.3%	72.2%
Actual occupancy	67.5%	69.0%	67.5%	69.0%
Straight-line rent	(\$ 99)	\$289	\$ 791	\$ 141
Leasing commissions	\$ 37	\$216	\$3,990	\$1,391
Capital expenditures	\$234	\$ 1	\$ 871	\$ 371

BALANCE SHEET

	<u>September 30, 2005</u>	<u>December 31, 2004</u>
Assets:		
Land	\$ 273,933	\$ 273,663
Buildings and improvements	766,209	770,757
Real estate related intangible assets	17,410	18,284
Total investments in properties	<u>1,057,552</u>	<u>1,062,704</u>
Less accumulated depreciation and amortization	(124,670)	(110,062)
Assets held for sale, net of accumulated depreciation of \$1,770 and \$1,578 at 9/30/05 and 12/31/04, respectively	<u>14,245</u>	<u>8,221</u>
Net investments in properties	947,127	960,863
Cash and cash equivalents	40,443	1,519
Restricted cash	1,551	1,551
Deferred rent receivable	19,302	18,511
Investment in unconsolidated joint venture	3,472	3,559
Other assets	24,812	19,653
Total assets	<u><u>\$1,036,707</u></u>	<u><u>\$1,005,656</u></u>
Liabilities:		
Mortgage notes payable	\$ 359,891	\$ 292,822
Mortgage notes payable – related parties	10,146	10,420
Line of credit – related parties	-	9,560
Revolving line of credit	-	24,208
Interest payable	327	327
Security deposits	8,434	8,544
Deferred rental income	11,691	11,038
Liabilities related to assets held for sale	80	14
Dividend/distribution payable	16,727	16,718
Accounts payable and accrued expenses	10,971	6,704
Total liabilities	<u>418,267</u>	<u>380,355</u>
Minority interests	503,769	512,089
Stockholders' equity:		
Common stock, \$.001 par value	18	18
Paid in capital	137,217	134,539
Accumulated deficit	(22,564)	(21,345)
Total stockholders' equity	<u>114,671</u>	<u>113,212</u>
Total liabilities and stockholders' equity	<u><u>\$1,036,707</u></u>	<u><u>\$1,005,656</u></u>

- (1) Includes approximately \$472 in amortization expense for the three months ended September 30, 2005 and 2004 and approximately \$1,416 in amortization expense for the nine months ended September 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 No. 141, "Business Combinations."
- (2) Includes approximately \$321 and \$440 in amortization expense for the three months ended September 30, 2005 and 2004, respectively, and approximately \$1,122 and \$1,732 in amortization expense for the nine months ended September 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 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.