



Silicon Valley's Developer™
We build the buildings for the high tech
companies that build the internet.™

Press Release

For Immediate News Release
February 6, 2008

MISSION WEST PROPERTIES ANNOUNCES FOURTH QUARTER AND FULL YEAR 2007 OPERATING RESULTS AND 25.0% INCREASE IN COMMON DIVIDEND

"We build the buildings for the high tech companies that build the internet"

Cupertino, CA – Mission West Properties, Inc. (AMEX: MSW) reported today that Funds From Operations ("FFO") for the quarter ended December 31, 2007 was approximately \$13,992,000 or \$0.13 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 \$18,538,000 or \$0.18 per diluted common share for the same period in 2006. On a sequential quarter basis, FFO for the quarter ended September 30, 2007 was approximately \$0.58 per diluted common share, which included approximately \$0.44 from termination fee income. For the twelve months ended December 31, 2007, FFO increased to approximately \$114,867,000 or \$1.09 per diluted common share from FFO of \$86,585,000 or \$0.83 per diluted common share for the same period in 2006. Net termination fee income relating to lease terminations accounted for approximately \$51,721,000 or \$0.49 per diluted common share and \$14,784,000 or \$0.14 per diluted common share for the twelve months ended December 31, 2007 and 2006, respectively.

Net income per diluted share to common stockholders was \$0.08 for the quarter ended December 31, 2007 compared to \$0.27 for the quarter ended December 31, 2006, a per share decrease of approximately 70.4%. Gain on sale of real estate accounted for approximately \$0.15 per diluted common share for the three months ended December 31, 2006. For the twelve months ended December 31, 2007, net income per diluted share to common stockholders was \$0.95, up from \$0.76 a year ago, a per share increase of approximately 25%. Net termination fee income relating to lease terminations accounted for approximately \$0.52 and \$0.15 per diluted common share for the twelve months ended December 31, 2007 and 2006, respectively.

The Company announced today that its Board of Directors declared its regular quarterly dividend on the Company's Common Stock for the first quarter of 2008. The declared dividend represents a 25.0%, or \$0.04 per share, increase over the Company's prior quarterly dividend of \$0.16 per share. The Common Stock dividend is \$0.20 per share and is payable on April 3, 2008 to all Common Stockholders of Record as of March 31, 2008. The dividend is equivalent to an annual rate of \$0.80 per share, which represents an 8.4 percent annualized yield based on the latest closing price of \$9.53 per share. The Company intends to make regular quarterly distributions to holders of its Common Stock based upon its cash available for distribution.

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 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)

	\$Three Months			
	Three Months Ended Dec 31, 2007	Three Months Ended Dec 31, 2006	Twelve Months Ended Dec 31, 2007	Twelve Months Ended Dec 31, 2006
REVENUES:				
Rental revenue from real estate	\$18,986	\$23,175	\$80,337	\$91,457
Above market lease intangible asset amortization	-	(472) ⁽¹⁾	(4,091) ⁽¹⁾	(1,888) ⁽¹⁾
Tenant reimbursements	3,447	3,678	13,355	13,061
Lease termination income	-	-	57,515	16,068
Other income, including intercos:	1,644	1,673	7,553	4,498
Total revenues	<u>24,077</u>	<u>28,054</u>	<u>154,669</u>	<u>123,196</u>
EXPENSES:				
Operating expenses	2,631	2,273	9,791	8,282
Real estate taxes	2,433	2,673	10,580	10,222
Interest	4,956	5,129	20,131	20,709
Interest (related parties)	178	186	724	755
General and administrative	667	445	3,035	2,248
Depreciation and amortization of real estate	5,503 ⁽²⁾	5,586 ⁽²⁾	22,588 ⁽²⁾	21,579 ⁽²⁾
Total expenses	<u>16,368</u>	<u>16,292</u>	<u>66,849</u>	<u>63,795</u>
Income before equity in earnings of unconsolidated joint venture and minority interests	7,709	11,762	87,820	59,401
Equity in earnings of unconsolidated joint venture	350	447	1,408	1,985
Minority interests	(6,491)	(9,930)	(71,471)	(49,928)
Income from continuing operations	<u>1,568</u>	<u>2,279</u>	<u>17,757</u>	<u>11,458</u>
Discontinued operations, net of minority interests				
Gain from disposal of discontinued operations	-	2,935	1,126	2,935
(Loss)/income attributable to discontinued operations	-	36	5	237
Income from discontinued operations	<u>-</u>	<u>2,971</u>	<u>1,131</u>	<u>3,172</u>
Net income to common stockholders	<u>\$1,568</u>	<u>\$ 5,250</u>	<u>\$18,888</u>	<u>\$14,630</u>
Net income to minority interests	<u>\$6,491</u>	<u>\$25,301</u>	<u>\$76,960</u>	<u>\$66,358</u>
Income per share from continuing operations				
Basic	<u>\$0.08</u>	<u>\$0.12</u>	<u>\$0.90</u>	<u>\$0.60</u>
Diluted	<u>\$0.08</u>	<u>\$0.12</u>	<u>\$0.89</u>	<u>\$0.59</u>
Income per share from discontinued operations				
Basic	<u>-</u>	<u>\$0.15</u>	<u>\$0.06</u>	<u>\$0.17</u>
Diluted	<u>-</u>	<u>\$0.15</u>	<u>\$0.06</u>	<u>\$0.17</u>
Net income per share to common stockholders				
Basic	<u>\$0.08</u>	<u>\$0.27</u>	<u>\$0.96</u>	<u>\$0.77</u>
Diluted	<u>\$0.08</u>	<u>\$0.27</u>	<u>\$0.95</u>	<u>\$0.76</u>
Weighted average shares of common stock (basic)	<u>19,645,304</u>	<u>19,417,823</u>	<u>19,627,234</u>	<u>19,066,581</u>
Weighted average shares of common stock (diluted)	<u>19,710,909</u>	<u>19,630,674</u>	<u>19,854,411</u>	<u>19,298,664</u>
Weighted average O.P. units outstanding	<u>85,552,718</u>	<u>85,215,982</u>	<u>85,162,240</u>	<u>85,510,491</u>
FUNDS FROM OPERATIONS				
Funds from operations	\$13,992	\$18,538	\$114,867	\$86,585
Funds from operations per share ⁽³⁾	<u>\$ 0.13</u>	<u>\$ 0.18</u>	<u>\$ 1.09</u>	<u>\$ 0.83</u>
Outstanding common stock	<u>19,664,087</u>	<u>19,443,587</u>	<u>19,664,087</u>	<u>19,443,587</u>
Outstanding O.P. units	<u>85,533,935</u>	<u>85,206,199</u>	<u>85,533,935</u>	<u>85,206,199</u>
Weighted average O.P. units and common stock outstanding (diluted)	<u>105,263,627</u>	<u>104,846,655</u>	<u>105,016,651</u>	<u>104,809,155</u>

FUNDS FROM OPERATIONS CALCULATION	Three Months Ended Dec 31, 2007	Three Months Ended Dec 31, 2006	Twelve Months Ended Dec 31, 2007	Twelve Months Ended Dec 31, 2006
Net income	\$ 1,568	\$ 5,250	\$ 18,888	\$14,630
Add:				
Minority interests ^(a)	6,360	25,184	76,458	65,859
Depreciation and amortization of real estate from continuing operations	5,875	5,961	25,043	23,092
Depreciation and amortization of real estate from discontinued operations	-	56	250	695
Depreciation & amortization of real estate held in unconsolidated joint venture	189	189	757	849
Less:				
Gain on sale of real estate	-	(18,102)	(6,529)	(18,540)
Funds from operations	<u>\$13,992</u>	<u>\$18,538</u>	<u>\$114,867</u>	<u>\$86,585</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 Dec 31, 2007	Three Months Ended Dec 31, 2006	Twelve Months Ended Dec 31, 2007	Twelve Months Ended Dec 31, 2006
Total properties, end of period	109	107	109	107
Total square feet, end of period	7,861,692	7,701,359	7,861,692	7,701,359
Average monthly rental revenue per square foot ^(b)	\$1.28	\$1.54	\$1.42	\$1.57
Occupancy for leased properties	61.7%	69.5%	61.7%	69.5%
Straight-line rent	\$310	\$ 318	(\$3,656)	(\$ 729)
Leasing commissions	\$352	\$ 342	\$ 3,000	\$1,157
Capital expenditures	\$257	\$2,928	\$ 4,878	\$4,278

BALANCE SHEET	December 31, 2007	December 31, 2006
Assets:		
Land	\$ 312,152	\$ 272,223
Buildings and improvements	764,665	756,596
Real estate related intangible assets	2,119	19,529
Total investments in properties	<u>1,078,936</u>	<u>1,048,348</u>
Less accumulated depreciation and amortization	(156,819)	(149,459)
Net investments in properties	<u>922,117</u>	<u>898,889</u>
Cash and cash equivalents	23,691	33,785
Restricted cash	65,509	48,245
Deferred rent receivable	14,833	18,489
Investment in unconsolidated joint venture	2,735	3,468
Other assets, net	25,000	24,611
Total assets	<u><u>\$1,053,885</u></u>	<u><u>\$1,027,487</u></u>
Liabilities:		
Mortgage notes payable	\$ 337,520	\$ 348,101
Mortgage notes payable – related parties	9,224	9,654
Interest payable	1,331	1,375
Security deposits	4,754	6,977
Deferred rental income	3,302	6,874
Dividend/distribution payable	16,832	16,745
Accounts payable and accrued expenses	15,618	7,601
Total liabilities	<u>388,581</u>	<u>397,327</u>
Minority interests	<u>526,626</u>	<u>501,282</u>
Stockholders' equity:		
Common stock, \$.001 par value	20	19
Paid-in capital	153,024	149,541
Distributions in excess of accumulated earnings	(14,366)	(20,682)
Total stockholders' equity	<u>138,678</u>	<u>128,878</u>
Total liabilities and stockholders' equity	<u><u>\$1,053,885</u></u>	<u><u>\$1,027,487</u></u>

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

(2) Includes approximately \$267 and \$425 in amortization expense for the three months ended December 31, 2007 and 2006, respectively, and \$2,153 and \$1,613 in amortization expense for the twelve months ended December 31, 2007 and 2006, 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.