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OPTIBASE LTD. ANNOUNCES THE CLOSING OF A TRANSACTION TO SELL CONDOMINIUM UNITS IN MIAMI BEACH, FL, USA

HERZLIYA, Israel, October 20, 2014 – Optibase Ltd. (NASDAQ: OBAS) (the “**Company**” or “**Optibase**”) today announced the successful closing of a transaction to sell eleven (11) luxury condominium units located in the Flamingo-South Beach One Condominium in Miami Beach, Florida (the “**Units**”), to an unrelated third party (the “**Transaction**”). For details regarding the Company’s acquisition of the Units, see the Company’s Proxy Statement as filed with the Securities and Exchange Commission on November 13, 2013. For further details on the Transaction, see the Company’s report on Form 6-K as filed with the Securities and Exchange Commission on September 17, 2014.

At the closing of the Transaction, the purchaser paid to the Company an aggregated gross price of \$6.4 million, in consideration for the Units. The Company expects to record a capital gain of approximately \$2.8 million resulting from the Transaction.

About Optibase

Optibase invests in the fixed-income real estate field and currently holds properties in Switzerland and in Miami, Texas and Philadelphia, USA and is currently looking for additional real estate investment opportunities. Optibase was previously engaged in the field of digital video technologies until the sale of its video solutions business to Optibase Technologies Ltd., a wholly owned subsidiary of VITEC Multimedia (“Vitec”) in July 2010. For further information, please visit www.optibase-holdings.com.

This press release contains forward-looking statements concerning our marketing and operations plans. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. All forward-looking statements in this press release are made based on management’s current expectations which involve risks, uncertainties and other factors that could cause results to differ materially from those expressed in forward-looking statements. These statements involve a number of risks and uncertainties including, but not limited to, difficulties in finding suitable real-estate properties for investment, availability of financing for the acquisition of real-estate, difficulties in leasing of real-estate properties, insolvency of tenants, difficulties in the disposition of real-estate projects, risk relating to collaborative arrangements with our partners relating to our real-estate properties, risks relating to the full consummation of the transaction for the sale of our video solutions business, general economic conditions and other risk factors. For a more detailed discussion of these and other risks that may cause actual results to differ from the forward looking statements in this press release, please refer to Optibase’s most recent annual report on Form 20-F. The Company does not undertake any obligation to update forward-looking statements made herein.