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## OPTIBASE LTD. ANNOUNCES FIRST QUARTER RESULTS

**HERZLIYA, Israel, June 2, 2021 – Optibase Ltd. (NASDAQ: OBAS)** today announced financial results for the first quarter ended March 31, 2021.

Revenues from fixed income real estate totaled \$3.4 million for the quarter ended March 31, 2021 compared to revenues of \$4.1 million for the first quarter of 2020.

Net loss attributable to Optibase Ltd shareholders for the quarter ended March 31, 2021 was \$822,000 or \$0.16 per basic and diluted share compared to net income of \$117,000 or \$0.02 per basic and diluted share for the first quarter of 2020.

Weighted average shares outstanding used in the calculation for the periods were approximately 5.2 million basic and diluted shares for each period.

As of March 31, 2021, we had cash and cash equivalents of \$27.5 million, and shareholders' equity of \$82.5 million, compared with \$28.8 million, and \$86.7 million, respectively, as of December 31, 2020.

Amir Philips, Chief Executive Officer of Optibase commented on the first quarter results: "This quarter our fixed income real estate rent has decreased compared to the first quarter of 2020 mainly due to the sale of our portfolio in Germany during the second and the third quarters of 2020. This quarter we had a net loss of \$822,000 compared to net income of \$117,000 for the first quarter of 2020. Our net loss is mainly due to a decrease in our fixed income real estate rent due to the sale of the portfolio in Germany and due to an increase in our taxes on income. For the first quarter of 2021, we generated NOI of \$2.8 million representing a decrease compared to the first quarter of 2020 mainly due to a decrease in our fixed income real estate rent resulting of the sale of portfolio in Germany. In addition, for the first quarter of 2021, our Recurring FFO decreased to \$564,000 compared to Recurring FFO of \$1.5 million for the first quarter of 2020. The decrease in our Recurring FFO is due to a decrease in our fixed income real estate rent, due to the sale of portfolio in Germany and due to an increase in our taxes on income. Mr. Philips concluded: "We continue our work to maintain our basic parameters and to increase our financial stability as we progress into 2021."

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### **ACCOUNTING AND OTHER DISCLOSURES**

Non-GAAP Net Operating Income, or NOI, is a non-GAAP financial measure. The most directly comparable GAAP financial measure is operating income, which, to calculate NOI, is adjusted to add back real estate depreciation, and amortization, general and administrative expenses and other operation expenses less gain on sale of operating properties. We use NOI internally as a performance measure and believe that NOI (when combined with the primary GAAP presentations) provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense item that are incurred at the property level.

We consider the NOI to be an appropriate supplemental non-GAAP measure to operating income because it assists management, and thereby investors, to understand the core property operations prior to depreciation and amortization expenses and general and administrative costs. In addition, because prospective buyers of real estate have different overhead structures, with varying marginal impact to overhead by acquiring real estate, we consider the NOI to be a useful measure for determining the value of a real estate asset or groups of assets.

The metric NOI should only be considered as supplemental to the metric operating income as a measure of our performance. NOI should not be used as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. NOI should also not be used as a supplement to, or substitute for, cash flow from operating activities (computed in accordance with generally accepted accounting principles in the United States).

Non-GAAP Funds from operation, or FFO, is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income, which, to calculate FFO, is adjusted to add back depreciation and amortization and after adjustments for unconsolidated associates. We make certain adjustments to FFO, which it refers to as Non-GAAP recurring FFO or recurring FFO, to account for items we do not believe are representative of ongoing operating results, including transaction costs associated with acquisitions. We use FFO internally as a performance measure and we believe FFO (when combined with the primary GAAP presentations) is a useful, supplemental measure of our operating performance as it's a recognized metric used extensively by the real estate industry. We also believe that Recurring FFO is a useful, supplemental measure of our core operating performance. The company believes that financial analysts, investors and shareholders are better served by the presentation of operating results generated from its FFO and Recurring FFO measures.

We consider the FFO and Recurring FFO to be an appropriate supplemental non-GAAP measure to operating income because it assists management, and thereby investors, in analyzing our operating performance.

The metric's FFO and Recurring FFO should only be considered as supplemental to the metric net income as a measure of our performance. FFO (i) does not represent cash flow from operations as defined by GAAP, (ii) is not indicative of cash available to fund all cash flow needs, including the ability to make distributions, (iii) is not an alternative to cash flow as a measure of liquidity, and (iv) should not be considered as an alternative to net income (which is determined in accordance with GAAP) for purposes of evaluating our operating performance.

**Reconciliation of GAAP to Non-GAAP (Unaudited) Supplemental Financial Data**

A reconciliation of operating income to NOI is as follows:

	Three months ended March 31 2021 \$ <u>Unaudited</u>	Three months ended March 31 2020 \$ <u>Unaudited</u>
GAAP Operating income	1,115	1,709
Adjustments:		
Real estate depreciation and amortization	980	871
General and administrative	736	800
<b>Non-GAAP Net Operating Income NOI</b>	<b>2,831</b>	<b>3,380</b>

A reconciliation of net income to FFO and Recurring FFO is as follows:

	Three months ended March 31 2021 \$ <u>Unaudited</u>	Three months ended March 31 2020 \$ <u>Unaudited</u>
GAAP Net income (loss) attributable to Optibase LTD	(822)	117
Adjustments :		
Real estate depreciation and amortization	980	871
Pro-rata share of real estate depreciation and amortization from unconsolidated associates	726	827
Non-controlling interests share in the above adjustments	(320)	(295)
Non-GAAP Fund From Operation (FFO)	564	1,520
<b>Non-GAAP Recurring Fund From Operation (Recurring FFO)</b>	<b>564</b>	<b>1,520</b>

Amounts in thousands

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### **About Optibase**

Optibase invests in the fixed-income real estate field and currently holds properties and beneficial interest in real-estate assets and projects in Switzerland, Texas, Philadelphia, PA, Miami, FL, and in Chicago, IL, 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 in July 2010. For further information, please visit [www.optibase-holdings.com](http://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.*

**Optibase Ltd.**  
**Condensed Consolidated Statement of Operations**  
**For the Period Ended March 31, 2021**

	Three months ended	
	March 31 2021 \$ <u>Unaudited</u>	March 31 2020 \$ <u>Unaudited</u>
Fixed income real estate rent	3,445	4,107
Cost and expenses:		
Cost of real estate operation	614	727
Real estate depreciation and amortization	980	871
General and administrative	736	800
Total cost and expenses	2,330	2,398
Operating income	1,115	1,709
Other Income	161	-
Financial expenses, net	599	601
Income before taxes on income	677	1,108
Taxes on income (tax benefit)	320	(342)
Equity share in losses of associates, net	467	407
Net income (loss)	(110)	1,043
Net income attributable to non-controlling interests	712	926
Net income (loss) attributable to Optibase LTD	(822)	117
Net earnings (loss) per share :		
Basic and Diluted	\$(0.16)	\$0.02
Number of shares used in computing earnings per share		
Basic	5,186	5,186
Diluted	5,186	5,186

Amounts in thousands

**Condensed Consolidated Balance Sheets**

	<b>March 31, 2021 <u>Unaudited</u></b>	<b>December 31, 2020 <u>Audited</u></b>
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	27,532	28,820
Restricted cash	758	835
Trade receivables, net	421	216
Other accounts receivables and prepaid expenses	1,392	569
Bonds related deposits	2,355	2,564
Total current assets	32,458	33,004
Long term investments:		
Long-term deposits	97	98
Right-of-use assets	238	272
Investments in companies and associates	8,802	9,269
Total Long term investments	9,137	9,639
Real estate properties, net	179,924	192,054
Total assets	221,519	234,697
<b><u>Liabilities and shareholders' equity</u></b>		
Current Liabilities:		
Current maturities of long term loans and bonds	6,168	6,447
Accounts payable and accrued expenses and other	4,303	4,144
Operating lease liabilities	151	166
Liabilities attributed to discontinued operations	2,061	2,061
Total current liabilities	12,683	12,818
Long term liabilities:		
Deferred tax liabilities	14,205	15,095
Land lease liability, net	6,591	7,054
Operating lease liabilities	111	146
Long term loans, net of current maturities	105,396	112,923
Total long term liabilities	126,303	135,218
Shareholders' equity:		
Shareholders' equity of Optibase Ltd	58,277	61,464
Non-controlling interests	24,256	25,197
Total shareholders' equity	82,533	86,661
Total liabilities and shareholders' equity	221,519	234,697

Amounts in thousands