

OPTIBASE LTD. ANNOUNCES THIRD QUARTER RESULTS

HERZLIYA, Israel, November 11, 2009 – Optibase Ltd. (NASDAQ:OBAS) a leader in advanced digital video solutions today announced financial results for the third quarter ended September 30, 2009.

Revenues for the third quarter ended September 30, 2009 were \$3.2 million compared with \$3.3 million for the second quarter of 2009 and \$6.6 million for the third quarter of 2008.

Net loss for the third quarter ended September 30, 2009, was \$0.7 million or \$0.04 per basic and fully diluted share, compared with a net loss of \$1 million or \$0.06 per basic and fully diluted share for the second quarter of 2009 and with a net loss of \$1.8 million or \$0.11 per basic and fully diluted share for the third quarter of 2008. Weighted average shares outstanding used in the calculation for the periods were approximately 16.5 million basic and fully diluted for the third quarter of 2009, the second quarter of 2009, and for the third quarter of 2008.

For the nine months ended September 30, 2009, revenues totaled \$10 million, compared with \$16.3 million for the nine months ended September 30, 2008. Net income for the period was \$1.2 million or \$0.07 per basic and fully diluted share, compared to a net loss of \$6.8 million or \$0.46 per basic and fully diluted share for the nine months ended September 30, 2008. Weighted average shares outstanding used in the calculation for the periods were approximately 16.5 million basic and fully diluted and 14.7 million basic and fully diluted respectively.

As of September 30, 2009, the Company had cash, cash equivalents, and other financial investments, net, of \$34 million, and shareholders' equity of \$36.4 million, compared with \$38 million, and \$37 million as of June 30, 2009.

Commenting on the quarter, CFO of Optibase, Amir Philips, said, "Revenues, while down year-over-year, remained stable compared to last quarter and we were able to improve our bottom line. Over the past year, we have been adjusting our business strategy to adapt to the changing business environment, which has not yet fully recovered from the global economic downturn. The changes that we have implemented have helped stabilize revenue and allowed for better management of costs in this daunting environment."

He concluded by saying, "Our recent decision to diversify our business has recently moved forward with the acquisition of a commercial building located in Rumlang, Switzerland. This transaction is representative of the real estate opportunities we are seeing in today's markets. We will continue to look for more investment opportunities around the globe and may invest in those prospects that we believe will bring value to our shareholders in the long run."

About Optibase

Optibase provides video over IP solutions, specializing in video encoding, decoding and streaming for federal and state government agencies, Telco operators, enterprise organizations and the world's leading

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broadcast service providers. With a collection of open, standards-based products, Optibase enables its customers to take full advantage of video distribution over their IP network, ensuring superb video quality in a scale of bit-rates for simple and effective video streaming to desktops, STBs and VOD applications. Optibase has recently resolved to diversify its operations by entering into the fixed-income real-estate sector. For further information, please visit www.optibase.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, risks related to the video technologies market in general, and the evolving IPTV market in particular, competition, our ability to manage growth and expansion, 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, 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 news 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.

This release and prior releases are available on the Company's Web site at www.optibase.com. This release and prior releases are also available on the KCSA Public Relations Worldwide Web site at www.kcsa.com.

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Optibase Ltd.

**Condensed Consolidated Statement of Operations
For the Period Ended September 30, 2009**

	Nine months ended		Three months ended	
	September 30	September 30	September 30	September 30
	2009	2008	2009	2008
	\$	\$	\$	\$
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Revenues	10,050	16,345	3,175	6,575
Gross profit	4,818	8,456	1,686	3,492
Operating expenses:				
Research and development, net	2,855	5,075	778	1,786
Selling, general and administrative	6,106	9,095	1,820	2,994
Total operating expenses	8,961	14,170	2,598	4,780
Operating loss	(4,143)	(5,714)	(912)	(1,288)
Other income (expenses)	4,778	(1,204)	-	(499)
Financial income, net	551	128	173	12
<u>Net income (loss) from continuing operations</u>	1,186	(6,790)	(739)	(1,775)
<u>Income related to discontinued operations</u>	-	20	-	-
Net income (loss)	1,186	(6,770)	(739)	(1,775)
<u>Other comprehensive income</u>				
Unrealized holding losses on available for sale securities	-	(267)	-	-
Total comprehensive income (loss)	1,186	(7,037)	(739)	(1,775)
Net income (loss) per share:				
Basic and diluted	\$0.07	(\$0.46)	(\$0.04)	(\$0.11)
Number of shares used in computing Earning per share				
Basic	16,533	14,711	16,535	16,518
Diluted	16,544	14,711	16,535	16,518

Amount in thousands

Optibase Ltd.
Condensed Consolidated Balance Sheets

	September 30 2009	December 31 2008
	<u>Unaudited</u>	<u>Audited</u>
<u>Assets</u>		
Current Assets:		
Cash, cash equivalents and short term investments, net	34,082	11,386
Trade receivables net of allowance for bad debts	2,021	3,241
Inventories	2,709	4,373
Other receivables and prepaid expenses	4,500	690
Total current assets	43,312	19,690
Other long term investments	2,441	26,388
Fixed assets, net	730	1,228
Total assets	46,483	47,306
<u>Liabilities and shareholders' equity</u>		
Current Liabilities:		
Trade payables	1,319	2,276
Accrued expenses and other liabilities	6,769	7,642
Liabilities Related To Discontinued Operations	162	162
Total current liabilities	8,250	10,080
Accrued severance pay	1,852	2,215
Total shareholders' equity	36,381	35,011
Total liabilities and shareholders' equity	46,483	47,306

Amounts in thousands