

## **OPTIBASE LTD. ANNOUNCES FORTH QUARTER AND YEAR END RESULTS**

**HERZLIYA, Israel, February 16, 2010 – Optibase Ltd. (NASDAQ:OBAS)** a leader in advanced digital video solutions today announced financial results for the fourth quarter and year ended December 31, 2009.

Total revenues for the fourth quarter ended December 31, 2009 were \$3.4 million compared with \$3.2 million for the third quarter of 2009 and \$3.6 million for the fourth quarter of 2008. Total revenues for the fourth quarter of 2009, includes an amount of \$272,000 which relates to real estate income.

Net loss for the fourth quarter ended December 31, 2009, was \$1.1 million or \$0.07 per basic and fully diluted share, compared with a net loss of \$0.7 million or \$0.04 per basic and fully diluted share for the third quarter of 2009 and with a net loss of \$2.8 million or \$0.17 per basic and fully diluted share for the fourth 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 fourth quarter of 2009, the third quarter of 2009, and for the fourth quarter of 2008.

For the year ended December 31, 2009, revenues totaled \$13.4 million, compared with \$19.9 million for the year ended December 31, 2008. Total revenues for the year include an amount of \$272,000 which relates to real estate income. Net income for the period was \$60,000 or \$0 per basic and fully diluted share, compared to a net loss of \$9.5 million or \$0.63 per basic and fully diluted share for the year ended December 31, 2008. Weighted average shares outstanding used in the calculation for the periods were approximately 16.5 million basic and fully diluted and 15.2 million basic and fully diluted respectively.

The yearly results also include \$4.8 million of other income from the sale of our holding in Scopus' shares, net of equity in losses during the period.

As of December 31, 2009, the Company had cash, cash equivalents, and other financial investments, net, of \$28.7 million, and shareholders' equity of \$35.2 million, compared with \$34 million, and \$36.4 million as of September 30, 2009.

Commenting on the quarter, CFO of Optibase, Amir Philips, said, "This last year has been a very challenging year for us. The global economic downturn had placed many challenges for us and the other players in the market. Though the global economy has seen some recovery over the last few months, there is still a great deal of uncertainty. During the last quarter we have actively engaged our real estate activity, purchasing our first asset in Switzerland, the results of which are already showing on our financial statements."

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### **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 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](http://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](http://www.optibase.com).*

**Optibase Ltd.**  
**Condensed Consolidated Statement of Operations**  
**For the Period Ended December 31, 2009**

	year ended		Three months ended	
	December 31 2009 \$ <u>Unaudited</u>	December 31 2008 \$ <u>Audited</u>	December 31 2009 \$ <u>Unaudited</u>	December 31 2008 \$ <u>Unaudited</u>
<b>Revenues:</b>				
Video solutions	13,149	19,901	3,099	3,556
Fixed income real estate	272	-	272	-
Total revenues	13,421	19,901	3,371	3,556
<b>Cost and expenses:</b>				
Cost of video solution operation	6,537	9,754	1,305	1,865
Research and development, net	3,725	6,375	871	1,300
Selling, general and administrative	8,364	11,895	2,259	2,800
Cost of real estate operation	11	-	11	-
Real estate depreciation and amortization	114	-	114	-
Total cost and expenses	18,751	28,024	4,560	5,965
<b>Operating loss</b>	(5,330)	(8,123)	(1,189)	(2,409)
Other income (expenses)	4,773	218	(4)	(508)
Financial income, net	617	270	66	142
Equity in losses of affiliated companies	-	(1,930)	-	-
<b>Net Income (loss) from continuing operations</b>	60	(9,565)	(1,127)	(2,775)
Income related to discontinued operations	-	20	-	-
<b>Net Income (loss)</b>	60	(9,545)	(1,127)	(2,775)
<b><u>Other Comprehensive loss</u></b>	(54)	(266)	(54)	-
<b><u>Total Comprehensive Income (loss)</u></b>	6	(9,811)	(1,181)	(2,775)
Net Income (loss) per share:				
Basic	\$0.00	(\$0.63)	(\$0.07)	(\$0.17)
Diluted	\$0.00	(\$0.63)	(\$0.07)	(\$0.17)
Number of shares used in computing Earning per share				
Basic	16,534	15,159	16,534	16,522
Diluted	16,540	15,159	16,534	16,522

Amount in thousands

**Optibase Ltd.**  
**Condensed Consolidated Balance Sheets**

	December 31 2009	December 31 2008
	<u>Unaudited</u>	<u>Audited</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash, cash equivalents and short term investments, net	28,651	11,386
Trade receivables net of allowance for bad debts	2,438	3,241
Inventories	2,356	4,373
Other receivables and prepaid expenses	4,492	690
Total current assets	37,937	19,690
Other long term investments	2,163	26,388
Fixed assets, net	636	1,228
Other assets, net	634	
Property, net	22,080	
Total assets	63,450	47,306
<b><u>Liabilities and shareholders' equity</u></b>		
Current Liabilities:		
Current maturities	365	-
Trade payables	1,095	2,276
Accrued expenses and other liabilities	6,962	7,642
Total current liabilities	8,422	9,918
Long term liabilities:		
Long term loans, net of current maturities	17,897	-
Liabilities Related To Discontinued Operations	162	162
Total long term liabilities	18,059	162
Accrued severance pay	1,731	2,215
Total shareholders' equity	35,238	35,011
Total liabilities and shareholders' equity	63,450	47,306

Amounts in thousands