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OPTIBASE LTD. ANNOUNCES INVESTMENT IN TEXAS SHOPPING CENTER PORTFOLIO

HERZLIYA, Israel, December 19, 2012 – Optibase Ltd. (NASDAQ: OBAS) today announced that it had entered into an agreement to acquire an approximately 4% beneficial interest in a portfolio of Texas shopping centers.

The acquisition is to be undertaken by a wholly owned subsidiary of the Company which will be a limited partner together with other private and institutional investors in a joint venture that is expected to acquire 49% of the beneficial interests in the shopping center portfolio.

The shopping center portfolio includes more than two million square feet of leasable area and is located in Houston, Dallas, and San Antonio areas of Texas.

The transaction is based on a portfolio valuation of approximately \$342 million including existing nonrecourse mortgage financing in the principal amount of approximately \$252 million. The primary mortgage loan has a fixed interest rate of 5.73% and matures in April 2016.

At Closing, which is expected to occur during the coming weeks, Optibase will make a capital contribution of approximately \$4,000,000 and will become an owner of approximately 4% of the indirect beneficial interests in the property.

Commenting on the transaction, CEO of Optibase, Amir Philips, said, “We are very pleased to have the opportunity to invest in this transaction together with leading private and institutional investors complemented by a highly capable management team. This investment is our first acquisition of retail properties in the United States as we continue to grow and diversify our real estate portfolio.”

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About Optibase

Optibase invests in the fixed-income real estate field and currently holds properties in Switzerland and Miami, FL, 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 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.