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OPTIBASE LTD. ANNOUNCES RECEIPT OF A DEMAND TO FILE A DERIVATIVE CLAIM

HERZLIYA, Israel, October 27, 2014 – Optibase Ltd. (NASDAQ: OBAS) (the “**Company**” or “**Optibase**”) today announced that it has been received a letter on behalf of two purported shareholders of the Company (the “**Shareholders**”), demanding the Company to file a derivative claim against the Company’s controlling shareholder and its directors and officers, according to procedures of the Israeli Companies Law of 1999 (the “**Companies Law**”).

The demand alleges, among other things, breach of fiduciary duties by the Company’s directors and officers with respect to the approval of the Company’s transaction to acquire luxury condominium units in Miami Beach, Florida, as further detailed in the Company’s Proxy Statement filed on November 13, 2013. The Shareholders are seeking damages which were not specified in the letter allegedly caused to the Company by its controlling shareholder and its directors and officers.

Under the Companies Law, the Company must inform the Shareholders of the way in which it wishes to proceed with respect to the demand within forty-five days of the date of receipt of the demand. The Company is currently reviewing the demand and considering its implications.

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.