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OPTIBASE LTD. ANNOUNCES THE OPENING OF A PROCEEDING AGAINST IT IN CONNECTION WITH ITS RENT DISPUTE IN GENEVA, SWITZERLAND

HERZLIYA, Israel, July 18, 2017 – Optibase Ltd. (NASDAQ: OBAS) (the "**Company**" or "**Optibase**") announces that its subsidiary, Eldista GmbH ("**Eldista**"), the owner of an office building complex in Geneva, Switzerland, known as Centre des Technologies Nouvelles ("CTN complex"), received an application for conciliation from its largest tenant in Switzerland, LEM Switzerland SA (the "LEM") pursuant to which LEM mainly demands the elimination of certain alleged defects in the CTN Complex and that LEM be authorized to carry out the works at the expense of Eldista if the works are not executed within a specific time frame as well as a 20%-reduction in rent from February 2012 and until the completion of the works.

LEM demands that Eldista be ordered to reimburse a monthly amount of CHF 47,600 as rent overpayment from February 2012 (representing the 20% reduction in rent) until (i) the completion of the works or (ii) the month of the entry into force of the judgment, whichever occurs first and that Eldista be ordered to pay an amount of approximately CHF 147,000 (subject to amplification) plus interest as of May 5, 2017 as consequential damages. LEM further demands to be reserved the right to claim the reimbursement of overpaid ancillary fees. According to the application, the dispute amounts to a total of CHF 3.54 million (approximately $ 3.68 million)

A conciliation hearing will be held on September 1, 2017 before the *Commission de conciliation en matière de baux et loyers* of the Canton of Geneva.

If no agreement between the parties can be reached at this hearing, LEM Switzerland SA will be granted a 30 days deadline to file its application on the merits before the *Tribunal des baux et loyers* of the Canton of Geneva.

At this preliminary stage, the Company cannot provide an assessment as to the chances of the application to succeed and the exposure to the Company.

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.