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OPTIBASE ANNOUNCES FILING OF LAWSUIT AGAINST SL GREEN REALTY CORP. REGARDING TERMINATION OF PURCHASE AGREEMENT FOR INTEREST IN 485 LEXINGTON AVENUE, NEW YORK, NY

HERZLIYA, Israel, February 3, 2010 – Optibase Ltd. (Nasdaq: OBAS), today announced that Mazal 485 LLC, a company whose beneficial interest is jointly owned by Optibase Ltd. and Gilmore USA LLC, had filed a lawsuit against SL Green Realty Corp. and certain of its subsidiaries ("**SL Green**") regarding the Purchase Agreement for interests in 485 Lexington Avenue.

On January 7, 2010, the Company announced that it received a notice from the seller of 485 Lexington Avenue stating that the Purchase Agreement is terminated.

The lawsuit alleges that SL Green breached material terms of the Purchase Agreement and breached its covenant of good faith and fair dealing toward Mazal 485 LLC. The lawsuit seeks specific performance to enforce SL Green's obligations under the Purchase Agreement and an abatement of the purchase price to compensate Mazal 485 LLC for damages suffered as a result of SL Green's breaches. For additional information on the 485 Lexington Avenue transaction, see the Company's announcement dated August 10, 2009.

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. 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 uncertainties regarding the potential outcome of litigation. 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.