

**GAZIT-GLOBE LTD.
AUDIT COMMITTEE CHARTER**

Adopted: December 4, 2011

The Board of Directors (the “**Board**”) of Gazit-Globe Ltd. (the “**Company**”) has constituted and established an Audit Committee (the “**Committee**”) with the authority, responsibility and specific duties as described in the Israeli Companies Law 5759-1999 and the regulations promulgated thereunder (the “**Israeli Companies Law**”) and this Audit Committee Charter (this “**Charter**”).

A. Purpose

The purpose of the Committee is, in addition to the mandatory purposes established from time to time under the Israeli Companies Law, to assist the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company, including, without limitation, (a) assisting the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the Company's independent auditors' qualifications and independence, and (iv) the performance of the Company's independent auditors and the Company's internal audit function; (b) preparing any report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the “**SEC**”) or any other regulator for inclusion in the Company's public filings; (c) assessing deficiencies in the business management of the Company, such as through consultation with the Company's internal auditor or with its independent auditors, and proposing remedial courses of action to the Board; (d) determining the Company's policy with respect to employees' complaints of deficiencies in the business management of the Company and the protection of employees who have submitted such complaints; and (e) granting approvals and offering recommendations to the Board with respect to actions or decisions of the Company and/or its organs which require the Committee's approval or recommendation under the Israeli Companies Law. The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a company.

B. Membership

The membership of the Committee shall be comprised of three or more members of the Board, all of whom shall qualify to serve on the Committee (or be subject to an exception) under applicable rules of the SEC and the New York Stock Exchange (the “**NYSE Rules**”). All “external directors” of the Company appointed under the Israeli Companies Law (the “**External Directors**”) shall be members of the Committee, and a majority of the members of the Committee shall be “unaffiliated directors” as defined in the Israeli Companies Law (“**Unaffiliated Directors**”).

The Chairman of the Board of the Company, any member of the Board employed by the Company or who regularly provides services to the Company (other than as a Board member), a controlling shareholder or any relative of a controlling shareholder, as each term is defined in the Israeli Companies Law, (a “**Controlling Shareholder**”) may each not serve as a member of the Committee. In addition, any member of the Board employed by the Company's Controlling Shareholder or by a company controlled by such Controlling Shareholder, or who provides

services to the Company's Controlling Shareholder or a company controlled by such Controlling Shareholder, on a regular basis, or a member of the Board whose main income is dependent on the Controlling Shareholder, may each not serve as a member of the Committee.

All of the members of the Committee shall be financially literate as determined by the Board in its business judgment (in accordance with the criteria under the NYSE Rules). All members of the Committee shall provide declarations as required under the Israeli Companies Law. At least one member of the Committee shall be an "audit committee financial expert" under the rules of the SEC and shall have accounting or related financial management expertise in accordance with the criteria promulgated under the NYSE Rules, as determined by the Board in its business judgment. At least one Unaffiliated Director member of the Committee shall possess "accounting and financial expertise" as such term defined in the Israeli Companies Law.

The Committee's members shall be appointed by, and serve at the discretion of, the Board. Members shall serve until their successors are duly designated and qualified. Any member of the Committee may be removed at any time, with or without cause, by a resolution of the Board. Subject to applicable law, any vacancy in the Committee occurring for any cause whatsoever may be filled by a resolution of the Board.

The Committee's chairperson shall be designated by the Committee, unless decided otherwise by the Board, and shall be one of the Company's External Directors.

C. Meetings

The Committee shall meet at least once every fiscal quarter or more frequently as circumstances require. A quorum at a meeting of the Committee shall consist of a majority of the members of the Committee. In addition, a majority of the members present must be Unaffiliated Directors, and at least one of whom is also an External Director. Only persons qualified to serve on the Committee may be present at the Committee's meetings, notwithstanding the above; the chairperson of the Committee may ask members of management or others to attend the meeting and provide pertinent information, as necessary and subject to the provisions of the Israeli Companies Law.

The Committee shall, on a periodic basis, meet separately with management, the internal auditor, representatives of the internal auditing department or the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. It is the responsibility of the Committee to maintain free and open communication among the Committee, the independent auditor, the internal auditor and management of the Company.

The internal auditor shall be provided with notices of all meetings of the Committee, and the independent auditor shall be provided with notice of meetings in which a matter related to the audit of the financial statements of the Company is to be discussed, and shall be entitled to attend such meetings. The internal auditor may request that the chairperson of the Committee call a meeting in order to discuss a matter detailed in his or her demand, and the chairperson shall call the meeting within a reasonable time, if the chairperson deems fit at his or her discretion.

In the event the Committee finds a material deficiency in the business management of the Company, it shall convene at least once in order to discuss the material deficiency with the internal auditor or the independent auditor, as applicable, but in the absence of officers of the Company who are not members of the Committee. Notwithstanding the aforementioned, an officer of the Company may attend the said Committee's meeting in order to present his position on the matter under his responsibility.

The Committee shall have the power to retain, without Board approval and at the Company's expense, and terminate the services of, as it deems appropriate, outside counsel and other experts and consultants to assist the Committee in connection with its responsibilities, and shall have the sole authority to approve such firms' fees and other retention terms.

D. Responsibilities

Relationship with Independent Auditor:

1. The Committee shall approve and recommend to the Board and the shareholders of the Company the identity and compensation of a "registered public accounting firm" (as that term is defined in Section 2(a) of the United States Sarbanes-Oxley Act of 2002) to serve as the Company's independent auditor. In making its determination regarding the retention or termination of the independent auditor and otherwise as it deems necessary, the Committee shall:

a. obtain and review a written report by the independent auditor describing (a) the firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting any independent audit carried out by the firm, and any steps taken to deal with any such issues; and (c) (to assess the auditor's independence) all relationships between the independent auditor and the Company;

b. receive written statements from the independent auditor delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and recommend any appropriate actions to be taken; and

c. review the independent auditor's written submission to the Company of annual fees billed.

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner of the independent auditors and its view on whether there should be a regular rotation of the independent auditor, to the Board.

2. The Committee shall pre-approve all audit and permitted non-audit services, and related fees and terms, to be provided to the Company by the independent auditor under applicable law and regulations. The pre-approval of non-auditing services can be carried out with input from, but no delegation of authority to, management.

3. If relevant, the Committee shall establish policies for hiring employees or former employees of the independent auditor in accordance with applicable law and regulations.

Internal Accounting and Financial Controls:

1. The Committee shall review (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, through inquiry and discussions with the Company's independent auditors, management and the internal auditor; and (ii) if applicable, the yearly report prepared by management, and attested to by the Company's independent auditors, assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's annual report on Form 20-F or other annual reports or quarterly statements, if required.

2. The Committee shall determine whether internal accounting and financial control improvement recommendations made by the internal auditor and the independent auditor have been appropriately implemented in a timely manner by management.

3. The Committee shall review with the president, chief financial officer and independent auditors, periodically, (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Financial Reporting:

1. The Committee shall review with the independent auditor: (i) the scope and results of its annual audit of the Company's financial statements; (ii) any problems or difficulties that the auditor encountered in the course of the audit work, and management's response; and (iii) any questions, comments or suggestions that the auditor may have relating to the internal controls, and accounting practices and procedures, of the Company.

2. The Committee shall review with management and the independent auditor the annual and quarterly financial statements of the Company, including: the Company's disclosures under "Operating and Financial Review and Prospects" ("MD&A"); any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of an annual report on Form 20-F with the SEC; and the items required by Statement on Auditing Standards 61, as in effect at that time, in the case of the annual financial statements, and Statement of Auditing Standards 100, as in effect at that time, in the case of the quarterly financial statements. Such review shall consider the completeness and adequacy of the Company's disclosure.

3. The Committee shall discuss with management generally the types of financial information (including earnings guidance) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.

4. If applicable to the Company, the Committee shall discuss with the independent auditor the matters required by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit effort, restrictions on the scope of procedures or access to requested information and any significant disagreements with management.

5. The Committee shall receive periodic reports from the independent auditor regarding:

a. critical accounting policies and practices;

b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the independent auditor; and

c. other material written communications between the independent auditor and management, including any management letter or schedule of adjusted differences.

6. The Committee shall review with management, the Company's independent auditors and, if appropriate, the Company's internal auditor, the following:

(i) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles;

(ii) significant financial reporting issues, appraisals and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative

generally accepted accounting principles methods on the Company's financial statements and any analyses prepared by management and/or the independent auditors with respect thereto; and

(iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

7. The Committee shall review and discuss with the independent auditor, the independent auditor's judgments as to the quality, not just the acceptability, of the Company's accounting principles.

8. The Committee shall periodically review and discuss with management and the independent auditor significant accounting and reporting issues, including financial reporting pronouncements and proposals, and understand their impact on the Company's financial statements.

9. The Committee shall review with the Company's general counsel or outside legal counsel legal and regulatory matters that could have a material impact on the financial statements.

10. The Committee shall establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, and review any complaints or concerns received pursuant to such procedures as well as with respect to other deficiencies in the management of the Company and establishing rules to provide for the protection of such employees.

11. The Committee shall review with management and the independent auditor (i) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (ii) the processes followed for assessment of internal controls as required under applicable law and discuss policies with respect to such risk exposures and risk management.

12. The Committee shall review with management and the independent auditor the risks of material misstatements due to fraud, and the process and controls implemented by the Company to manage the risks.

13. The Committee shall resolve all disagreements between the Company's independent auditors and management regarding financial reporting.

Internal Auditor:

1. The Committee shall recommend to the Board the with regard to the nomination, suspension and termination of the internal auditor, and the internal auditor's engagement fees and terms, in accordance with the Israeli Companies Law.

2. The Committee shall review the internal audit function and scope of work, including its independence, effectiveness, proposed control review plans and resources for the coming year (taking into consideration the Company and its size), and the coordination of such plans with the independent public accountant.

3. The Committee shall approve the yearly or periodic work plan proposed by the internal auditor, to the extent necessary.

4. The Committee's chairperson may instruct the internal auditor to conduct an internal audit, in addition to the annual or periodic work plan, on matters which require an urgent inspection.

Legal Compliance:

1. The Committee shall review and monitor, as appropriate, (i) litigation or other legal matters that could have a significant impact on the Company's financial results, (ii) significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax, and (iii) the Company's disclosure controls and procedures.

2. The Committee shall identify deficiencies in the administration of the Company and receive reports of suspected business irregularities and legal compliance issues through periodic and, when appropriate, immediate reporting by members of the Company's management, legal counsel or the independent or internal auditors. In the event that the Committee is informed of any deficiencies or irregularities, it will suggest to the Board remedial courses of action.

Other Responsibilities:

1. The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for consideration and approval.

2. The Committee shall conduct an annual self-performance evaluation of the Committee.

3. The Committee shall review and consider the approval of related party transactions and transactions involving an "office holder" of the Company (as defined in the Israeli Companies Law) that may present a conflict of interest between the duties of such office holder to the Company and his or her personal interests, in each case in accordance with the NYSE Rules, the Israeli Companies Law or as referred by the Board (each, a "**Related Party Transaction**"). The Committee shall review and consider the approval of transactions regulated by the fifth chapter of the sixth part of the Israeli Companies Law 5759-1999 (transactions with interested parties) in such events the Committee's approval is required under the Israeli Companies Law. The Committee shall determine whether a certain transaction is an "extraordinary transaction" or a certain action is a "substantial action" under the Israeli Companies Law. The Committee may set general standards for distinguishing what types of actions and transactions will be considered extraordinary transactions and substantial actions; the said standards shall apply for the 12 months from the date such standards were set and shall be reviewed by the Committee annually.

4. The Committee shall review the Company's investment portfolio on an annual basis to ensure its compliance with the principles set forth in the Company's investment policy (which are aimed at ensuring that the Company qualifies for the exemption from being deemed an "investment company" under the U.S. Investment Company Act of 1940, as amended, pursuant to the exemption therefrom provided by Rule 3a-8 thereunder (or any other applicable exemption)).

5. The Committee shall conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

6. The Committee shall bear any other responsibility set forth in the Israeli Companies Law, as may be amended from time to time.

E. Reporting

The Committee will apprise the Board regularly of significant developments in the course of performing the above responsibilities and duties.