Bob Van Dijk

Chief Executive Officer

Naspers Ltd

40 Heerengracht

Cape Town 8001

South Africa

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Open letter to Mr. Bob Van Dijk, CEO

Copy to The Wall Street Journal, Financial Times, Bloomberg, Moneyweb

I am writing to you as a director of AIM&R, a Geneva based investment advisory firm and a shareholder in Naspers.

It is exactly 6 years ago, almost to the day, I was writing to Mr. Del Prado, Chairman and CEO of ASM International to complain about the value destruction that was going on at his company as a result of its corporate structure and the Board's failure to address the increasing discount to NAV from which ASM shareholders were suffering. At the time most of the market value of ASM International, which was traded in Amsterdam, resulted from the value of its controlling stake in ASM Pacific, listed in Hong Kong. My letter started a campaign which resulted in ASM International selling off most of its stake in ASM Pacific to the benefit of all shareholders.

I am sure you understand evidently why I am referring to the ASM episode.

Naspers today is the largest domestic South African company listed on the Johannesburg market, representing 25% of South Africa MSCI market capitalization. Being one of the largest technology investor in the world is often portrayed in your company presentations and annual reports and, as CEO of the company, this certainly must convey a sense of pride. However, as you are aware, Naspers impressive growth in the last few years is almost entirely due to its investment in Tencent, a Shenzhen based company listed in Hong Kong. Since your appointment at the helm of Naspers, the value of the Tencent' stake relative to Naspers' market capitalization as grown from 90% to 130% today and seems to accelerate. Correspondingly, as implied by the market, the value of Naspers' dozens of other investments and businesses has declined from a value of Zar34bn to **negative** Zar300bn. This can be simply calculated by subtracting the value of the Tencent' stake from Naspers' market capitalization. In other words, in the **last three years, Zar334bn of shareholder value has been destroyed**. This is particularly unacceptable that your own compensation system is based on a share option plan that rewards you for an increase in Naspers' share price for which you are absolutely not responsible. I am aware that part of your compensation package is also based on share appreciation rights for your portfolio companies. However, this incentive may only have an impact when all of these various holdings are effectively monetized. Until then, the process of calculating the value of Naspers unlisted businesses is not fully transparent. Having gone through all your presentations and annual reports, I have never seen a table or a chart that would depict the value of your non-listed businesses as ascribed by the market, even though your various reports take a totally disproportionate amount of space commenting about them. For your benefit and that of the board, this chart appears below:

As it can be seen, while this value was relatively constant prior to your appointment, it has collapsed precipitously ever since**.** **This is a terrible result**. Investors that invested in good faith in your stock because of the board's foresight in investing in Tencent at the early stages, a phenomenal investment for which your predecessor must be applauded, have been doubly penalized. Firstly because had they invested directly in Tencent, they would have been lot better off. Secondly, because Naspers' other businesses are being implicitly and constantly devalued to the point of reaching a significant negative value. Even if it could be argued that investors may not have had the same foresight as your predecessor in investing in Tencent, the point is that even since the beginning of 2017, a time when Tencent has been universally recognized as the leading Chinese internet company, investing directly in Tencent would have produced a 35% return in Rand vs. 24% in Naspers. I believe the situation for Naspers' investors is not fair and as CEO, you have a fiduciary duty to increase shareholder value. I think a number of measures can be taken in order to remedy the above issue.

First and foremost:

1. Your compensation should be aligned with the implicit value of Naspers' non-listed ex-Tencent businesses rather than SAR, as this is the value ascribed by the market. This will truly compensate you for your efforts at managing Naspers' investments for which you are responsible, rather than for just watching Tencent's price going up and getting a check for it.
2. Be totally transparent on the internal valuation calculations for the non-listed businesses.

In addition, it is evident to the overall investment community that Naspers has become a way into Tencent, albeit an inefficient one. Tencent's value in Naspers has just become too large. Investment companies regularly sell at discounts to net asset values. However, in the case of Naspers, the problem is exacerbated by the fact that one trades in Johannesburg, while its overwhelming value trades in Hong Kong. Both represent widely different pools of investors. As it stands, very few Chinese investors are ever likely to purchase shares in Naspers, or switch from Tencent into Naspers to close the discount. Moreover, the Hong Kong stock market's capitalization, and obviously the total China's market capitalization are dwarfing South Africa's market capitalization. The same applies to the amount of money passively invested in ETFs and index funds. Hence the amount of money invested and and to be potentially invested in Tencent will continue to enormously overpass that going into Naspers. There is no way around that. And the more Tencent goes up, the more the problem will become acute. Hence, **paradoxically, the better the prospects for Tencent, the more value destruction will take place at Naspers**. This must stop. A range of measures must be considered:

1. The most effective measure is to spin-off the Tencent stake to Naspers' shareholders. You will not be the CEO of South Africa's largest company by market capitalization anymore, but you will greatly enhance shareholder value. After all, now that everyone knows Naspers IS Tencent, let shareholders decide whether this is what they want to own directly or not. As written above, the opportunity cost of being an investor in Naspers rather than Tencent has been enormous in the last three years. An investor buying Zar 10,000 worth of Naspers at the beginning of 2015 would have Zar16,500 today. He would have Zar27,000 had he be invested directly in Tencent. By continuing to hold on to Tencent's stake passively, you are not creating any added value for shareholders. To the contrary.

In the meantime, I would advise to:

2. List the shares in Hong Kong so as to provide local Asian investors another vehicle to buy into Tencent.
3. Spin-off the unlisted businesses in Naspers and Naspers Ventures as one listed VC fund, and list the remaining Tencent stake vehicle in Hong Kong. Align your compensation on the Naspers ex-Tencent share price.
4. Establish a discount floor (say 20%?) under which Naspers would sell Tencent shares in the open market, and buy back its own shares with the proceeds, or pay special dividends, or make investments.
5. Issue a convertible bond, convertible into Tencent shares, again using the proceeds to buy back shares or make investments.
6. Issue two tracking stocks: one that represents Tencent, the other that represents the unlisted businesses. Align your compensation on the unlisted business tracker.

7. Be more active on the investment side. In the last 6 months, according to Bloomberg, Naspers did about 24 deals. In the same time period Tencent and Softbank did over 45 investment deals each. Why not invest in Softbank's $100bn Vision fund? How about creating a similar fund in cooperation with Tencent and Ma Huateng.

There are probably a few other creative ways to increase (real) shareholder value. The way the Naspers discount has been building up and how value is being implicitly destroyed at Naspers is unbearable. I call on you and the board to put a stop to this and clearly state as a company objective that you are seeking convergence between the net asset value and the market value of the company, as well as aligning your compensation with this goal.

Looking forward to hear from you,

Best regards,

Albert Saporta

Managing Director

AIM&R

La Gallery

5 rue Etienne Dumont

1204 Geneva – CH

albert@aimr.ch

+41 78 616 0780