

## Representation Plan submitted on behalf of Real Quik

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This representation plan sets out the facts relevant to the mediation, the issues in dispute, the interests of Real Quik and the approach to the mediation that Real Quik will adopt.

### 1. Facts

Nanyu Tobacco and Real Quik entered into a distribution agreement on 14 December 2010 (**Agreement**). In summary, the relevant obligations included:

- a) the sale and purchase of tobacco products;
- b) the sale and purchase of branded merchandise; and
- c) the display of tobacco products and branded merchandise.

Bill 275 entered into force on 1 January 2013. Bill 275 prevented the sale and display of all tobacco branded goods in Gondwana. In an attempt to allow the parties to comply with Bill 275, Nanyu Tobacco altered the packaging of its tobacco products but did not alter the branded merchandise. As such, Bill 275 still prevented Real Quik from performing its obligations under the Agreement. Real Quik built up a large inventory of Nanyu Tobacco products. It followed that Real Quik had no choice but to end the Agreement. Nanyu Tobacco issued Real Quik with a notice to pay USD \$75 million (**Unpaid Sum**).

### 2. Issues

The issues for the mediation fall into two categories, each with their own talking points:

- **Category 1** – issues in relation to resolving the existing dispute.
- **Category 2** – issues in relation to preserving or improving any future business between the parties.

Category 1	Category 2
Whether Unpaid Sum is required to be paid	Alternative sale and purchase obligations
Alternative compensation	Legality of future obligations
	Duration of contract
	Future dispute avoidance tools

### 3. Interests

- Maintain majority market share in Gondwana while retaining high profitability.
- Continue to expand the number of convenience stores in Gondwana.
- Continue to stock premium products for a commercially favourable price.

### 4. Mediation strategy

Mr Mancuso is the CEO of Real Quik. Mr Mancuso will attend the mediation with his legal counsel. Counsel will assist Mr Mancuso in objectively considering options to settle.

Mr Mancuso intends to discuss with Mr Chow the events that have brought the parties to mediation. Mr Mancuso invites Mr Chow to explain the events from his own perspective.

Mr Mancuso would also like to discuss alternative ways that the parties can conclude a new bargain, which accommodates for the change in the commercial reality. Mr Mancuso will ensure that he considers the situation in a commercially realistic manner.

Mr Mancuso intends to negotiate, in detail, a new commercial arrangement that meets the parties' interests. Mr Mancuso believes that a commercially beneficial agreement should recognise that Real Quik's business is not contingent on the sale of Nanyu Tobacco products because tobacco products have become a commodity, and that the tobacco industry in Gondwana is highly volatile. Mr Mancuso is otherwise open to considering all alternative arrangements. The basis for a mediated settlement must be an arrangement that is commercially beneficial and resolves all of the issues in dispute.