

Representation Plan

On behalf of Real Quik Convenience Stores Ltd.

BACKGROUND TO THE DISPUTE

Conglomerated Nanyu Tobacco Ltd. (“Nanyu Tobacco”) entered into a distribution agreement (“agreement”) with Real Quik Convenience Stores (“Real Quik”) to sell Nanyu Tobacco’s products at a 20% premium. The State of Gondwana, from where Real Quik operated, sought to enforce stricter regulations on sale of tobacco. These regulations led to a massive decline in sales and increased costs for Nanyu Tobacco, due to compliance problems. Real Quik notified Nanyu Tobacco of its intent to renegotiate the agreement and communicated its inability to perform its duties. Nanyu Tobacco, therefore, claimed liquidated damages to the tune of USD 75,000,000 from Real Quik for termination of the agreement. Subsequently, Nanyu Tobacco served multiple notices of default and finally referred the dispute to arbitration.

THE ISSUES

The nature of the dispute between Nanyu Tobacco & Real Quik is both legal and commercial. Parties diverge on two issues; firstly, the payment of liquidated damages for termination of the agreement in light of extraneous developments such as governmental regulations and secondly, renegotiation of the agreement. Moreover, the consequence of stricter tobacco regulations has strained both parties due to rising financial losses from ensuring compliance and falling demand for tobacco products in the market.

REAL QUIK’S INTERESTS

Real Quik is not keen on paying and therefore, would be more agreeable to renegotiating the agreement. Real Quik also would ask to convert existing stock into products compliant with mandatory packaging requirements.

Real Quik is committed to rebuilding trust between parties. Moreover, Real Quik is keen to explore new avenues for growth in Gondwana, in possible collaboration with Nanyu Tobacco, to make up for financial losses incurred.

NANYU TOBACCO'S LIKELY INTERESTS

It is thought that Nanyu Tobacco wishes to realise the disputed sum of USD 75,000,000. Nanyu Tobacco may also be interested in renegotiating the agreement, in light of the recent regulatory developments.

RESPONSIBILITY SHARING

Mr. Charles Mancuso, CEO of Real Quik will be in charge of presenting Real Quik's interest and positions, making offers to Nanyu Tobacco and decide if a deal is acceptable. His legal counsel will be responsible for addressing all legal issues and will provide an objective leverage

MEDIATION STRATEGY

In his opening statements, Mr. Mancuso will outline his perspective on the issues and respective interests. Crucially, he shall reiterate his regret over the soured commercial relationship between the parties. Mr. Mancuso will proceed to explain how stricter tobacco regulations have made it impossible for Real Quik to discharge its duties. If necessary, legal counsel will reiterate that Real Quik is not obligated to pay liquidated damages as enumerated in the agreement due to these developments. Moreover, in the spirit of mediation, Mr. Mancuso will also indicate that Nanyu Tobacco ought to renegotiate the agreement and settle

on a suitable premium in order to resolve the dispute amicably and avoid any legal or commercial liabilities.
