

REPRESENTATION PLAN

On behalf of REAL QUIK CONVENIENCE STORES LTD

BACKGROUND TO THE DISPUTE

Real Quik Convenience Stores Ltd (“Real Quik”) and Conglomerated Nanyu Tobacco Ltd. (“Conglomerated Nanyu”) entered into a Distribution Agreement whereby Real Quik was to act as a distributor of Conglomerated Nanyu. Real Quik performed all its obligations diligently and dutifully until the a force majeure event: the passing of Bill 275 into legislation, whereby the Agreement frustrated. Real Quik offered to renegotiate the contract but Conglomerated Nanyu remained stubborn in their position without realizing the actual situation in Gondwana. Had Real Quik continued to fulfill its obligations under the Agreement without any amendments, it would have attracted both civil and criminal sanctions under the new Gondwandan law. Conglomerated Nanyu took an ironclad position and thus closed all doors to further negotiations, creating a vacuum. Thus Real Quik served Conglomerated Nanyu with a termination notice which was in essence a force majeure notice, the language of the notice being a witness to it. Conglomerated Nanyu went to Arbitration without trying any renegotiation of the Agreement, a further sign of an ironclad position. Real Quik always wanted a renegotiation of the Agreement for the maintenance of a healthy relationship.

THE ISSUES

Real Quik feels that the relationship between the parties has significantly diminished because Real Quik approached Conglomerated Nanyu expressing concern regarding the Bill 275 and trying to renegotiate the Agreement on 11 April 2013 on Real Quik’s request, only to be met with Conglomerated Nanyu’s ironclad position on any amendments. Real Quik is extremely disappointed in the insensible attitude that Conglomerated Nanyu has taken towards this dispute. Real Quik believes that Conglomerated Nanyu should be held accountable for their improper response to the objections made during the meeting on 11 April 2013. Further, the only viable option to mitigate the loss was to challenge the constitutionality of Bill 275 which Conglomerated Nanyu already availed and failed. Furthermore, since Real Quik rightfully terminated the Distribution Agreement (it frustrated), it should not be held accountable for the termination claim.

OUR INTERESTS

Real Quik Convenience Stores Ltd has an interest in preserving the Distribution Agreement as it is a profit-making venture, but wants to terminate the Distribution Agreement if it cannot be satisfactorily amended and if the relationship between the parties cannot be repaired. If the Distribution Agreement is to be preserved, it should be amended so as to include a waiver of 20% interest and deletion of all such Clauses that are contrary to the provisions of Bill 275. Real Quik cannot go ahead with the Agreement if provisions contrary to Bill 275 (now an Act of Parliament) are not excluded/deleted from the Agreement as it does not want to attract both civil and criminal penalties as a result of this Distribution Agreement. It is in Real Quik's interest to be remunerated for the loss suffered as a result of Bill 275 which resulted in a decline in Conglomerated Nanyu's sale and consequently, overstocking in its stores; and for Conglomerated Nanyu to drop the termination penalty charges against Real Quik.

Real Quik Convenience Stores Ltd comes to the mediation with the following 6 interests:

1. Preserving the Distribution Agreement with amendments;
2. Provision for waiver of 20% interest in the amendments;
3. Not be held to suffer due to the recent legislation in Gondwana;
4. Not being held at fault for terminating the Agreement as the Agreement met its fate due to frustration;
5. Ceasing Conglomerated Nanyu's claim to a termination penalty;
6. Maintaining a positive and lasting relationship with Conglomerated Nanyu.

OUR ALLOCATION STRATEGY

During the opening statements, Mr. Charles Mancuso will outline his understanding of the issues and his respective interests. Mr. John Worthington will ensure Mr. Mancuso remains open minded and considers all possible positions. During the negotiation phase of the mediation, Mr. Mancuso and Mr. Worthington will work together to explore all possible options to resolve the dispute. At the conclusion of the mediation, it will be Mr. Mancuso who will decide whether an acceptable outcome has been put on the table.