



REUNION ISLAND

CAFFÈ · COFFEE · CAFÉ



SPECIALTY COFFEE CONVENIENCE STORE PROGRAM

“**E**ven before the gourmet coffee craze lit a fire under the category, it was ounce for ounce one of the top food service profit makers in the convenience store industry.

Profit potential has continued to grow in recent years, but that growth is handcuffed to higher consumer expectations. In order to seize those extra dollars, it’s not enough to brew a better cup of coffee, they must also convince customers that it’s a better cup of coffee. That takes marketing.”

Convenience Store News



Our new small batch roasting facility was built in 2001, and last year we added an additional 20,000 sq. ft. of green coffee warehousing and distribution space

INTRODUCTION

At **Reunion Island Coffee**, we're passionate about what we do. Our reputation is built on our no-compromise approach to specialty coffee roasting. We're constantly searching the world for emerging new estates with world-class coffee beans. We believe that roasting specialty coffee is a real art form; we're continually challenging ourselves to refine our technique and create truly original blends and single-origin coffees.

Over the years, we've learned that even the world's best coffees need support programs to be successful in the c-store market. This year, we are updating the **Reunion Island Coffee** image to create a dynamic consumer-oriented brand. We have designed a stylized red orchid as our company symbol. For centuries, the orchid has been a symbol of elegance and uncommon beauty. They are rare, exotic and distinctive—qualities that are also the hallmarks of **Reunion Island Coffee**.

The goal of our program is to make the total café experience quick and convenient. As such, we are the ideal coffee partner for today's c-stores that focus on convenience *and* quality. As your roasting partner, we offer unparalleled quality, service and support, as this presentation will outline.



Quality Control lab



Peter Pesce has been at the forefront of the specialty coffee industry in Canada for over 30 years.

(Photo by J M Ross for the Toronto Star)

ABOUT US

Peter Pesce has played a key role in the development of the national specialty coffee market. He has served as chairman of the Coffee Association of Canada, among other leadership roles within the industry. The Toronto Star referred to Peter as “reputedly the best ‘cupper’ in Canada...Not only is Pesce a cupper (taster) par excellence, he is a walking encyclopedia of coffee facts, figures and esoterica.” (See Appendix)

Peter’s son, Adam Pesce is continuing the family tradition and quickly earning a reputation within the specialty coffee industry. Through his travels to origin countries and studies in Political Science, Adam has a particular interest in growing our sustainability programs. He has worked to increase our Fair Trade and Organic coffee selections, along with helping more of our farming partners to become Rainforest Alliance certified. Adam has also spearheaded our Las Hermosas project in Colombia.

As a company we are members of many foodservice and coffee trade organizations including the Specialty Coffee Association of America, the Coffee Association of Canada, the Canadian Restaurant and Foodservices Association and the Oakville Chamber of Commerce. We are also CTPAT approved and registered with the FDA to expedite cross-border shipping.

We are especially proud of our roasting facility in Oakville, Ontario and invite all of our customers to book a tour of our plant.



Adam Pesce’s appearance on CBC’s The Gill Deacon Show (Nov. 1, 2006)



Convenience stores sold more than \$5.2 billion in coffee in 2005.

COFFEE TRENDS

Consumers stop to buy coffee more than they fill up their cars, providing convenience stores with a great opportunity to build loyalty and repeat sales. Convenience stores are a preferred destination for coffee.

Roughly one of every five (18.3 percent) cups of coffee purchased by consumers in 2005 was bought at a convenience store.

Ninety percent of convenience store customers purchase coffee at a convenience store over any other retail format.

When they are on the go, Americans purchase coffee at convenience stores/gas stations more than anywhere else. Thirty nine percent of customers purchase coffee at convenience stores, compared to 38 percent at local coffee shops/restaurants and 35 percent who bring coffee from home.

(Source: NACS, updated July 2006)

While sales of hot dispensed beverages (including coffee) are only 3.8 percent of total in-store sales at a convenience store, it accounts for 7.8 percent of a store's in store gross profit.

More than two thirds of customers buying coffee at a convenience store buy it at a convenience store four or more times a week.

The percentage of coffee buyers who know they were going to purchase coffee when they entered a convenience store is 96 percent; making coffee the top planned purchase in a convenience store.



Our Private Reserve Collection and whole bean packaging have been completely redesigned in 2006

OUR COFFEES

As with any agricultural product, coffee quality can vary dramatically between producing countries, regions and even individual farms within the same region. Regardless of the care that a roaster takes during production, the finished product will only be as good as the beans he buys. One of Reunion Island's most fundamental strengths is the outstanding quality of green coffee that we purchase.

Our two coffee cuppers have over half a century combined experience tasting and judging coffees. They also have long-standing relationships with well-connected brokers and fine coffee estates around the globe. Unlike larger commercial roasters, when we discover a truly exceptional coffee we roast and market it as a single-estate coffee rather than blending it with inferior coffees.

Some of the characteristics that make our coffees distinctive:

High Elevation: Coffees grown at high altitudes ripen more slowly, allowing their flavors and aromas to become more distinctive.

Limited Supply: Our coffees are selected from the top 5% of the world's coffee production. We'll often buy the entire crop when we discover a farm or co-op that has enjoyed an exceptional harvest.

Handpicked: While all Arabica coffees are handpicked, there are varying degrees of care taken in this process. Fine estates will harvest beans three or more times, taking only ripe cherries on each occasion.



PRODUCT MIX

We are recommending the following menu of products in each c-store. There may be some recommendations for fine-tuning after an analysis of regional preferences. We recommend offering these products in 12, 16 and 20 oz disposable cups, along with a 16 oz refillable travel mug.

Reunion Island Coffees:

- | | |
|---------------------------|-------------|
| • House Blend | 24 x 2.5 oz |
| • Colombia Las Hermosas* | 24 x 2.5 oz |
| • Privateer Dark* | 24 x 2.5 oz |
| • Feature Coffee | 24 x 2.5 oz |
| • Donut Shop Blend | 42 x 2.5 oz |
| • Decaffeinated | 32 x 2.5 oz |
| • French Vanilla | 20 x 2.5 oz |
| • Hazelnut Vanilla Cream* | 20 x 2.5 oz |
| • French Caramel | 20 x 2.5 oz |

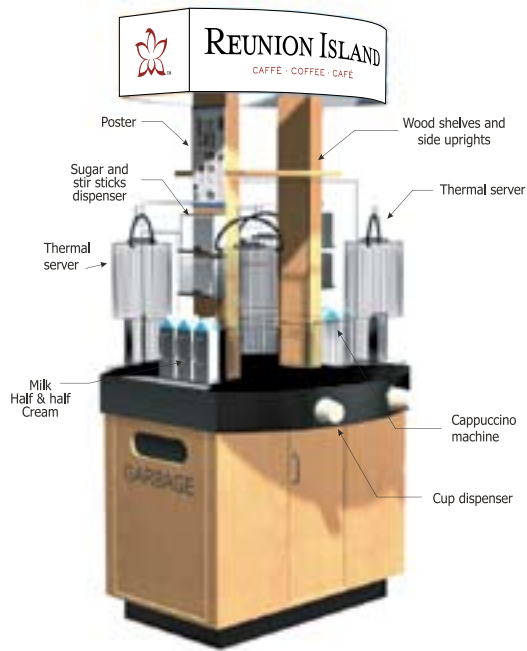
* 'Core' selections.

Island Rose Teas

- Selection TBD

Flavoured Cappuccino:

- English Toffee
- French Vanilla
- Hot Chocolate



Our kiosk is branded with Reunion Island's image and includes a comprehensive marketing tool kit.

KIOSK DESIGN

Our unique coffee island pulls the coffee section off the back wall and puts it in the front of the store. It reduces congestion during peak times by offering two serving stations and two mirrored condiment areas. Using less than 16 sq. ft. of floorspace, it efficiently serves a maximum number of people during peak periods. The island also works with different ceiling styles and virtually any floorplan (plumbing/electrical drop from ceiling through pillars).

The unit is sized to accommodate...

1. Self-serve cappuccino machine (1)
2. 5-compartment condiment holder (2)
3. Coffee brewer (1)
4. Grinder or 2nd brewer (1)
5. Airpots with stands (4-8)
6. Cup dispensing sleeves (4)
7. Garbage slots (2)
8. Merchandising shelf (1)
9. Acrylic menu holder (1)
8. Secure storage space (1)

Case study: Sales increased from 3 to 5 times with our original 'coffee island'



MARKETING SUPPORT

Our **Reunion Island** branded concept offers all of the marketing tools that you need to maximize the profits generated by your coffee program. Our goal is to create the impression of a distinct coffee bar within the store. Also, we have built a strong, recognizable image that will cultivate consumer loyalty and give you a competitive edge.

Marketing support tools include ready-made items and others that will be developed to meet your specific needs.

- Banners
- Loyalty cards
- Door stickers
- Description cards
- Disposable cups
- Travel mugs
- Outdoor signage
- Pump-topper cards
- Airpot backdrop
- Menuboard
- Shirts and hats
- Thermos wraps

Another important element is Program Guide that will be supplied to each store manager. The guide will provide product storage and preparation instructions, along with quality control standards. It will illustrate store set-ups for A, B, C and D packages and will supply a catalogue of POS materials, equipment and contact information for support.



All branded material will support Reunion Island's image as North America's premier roaster of exotic specialty coffees



Our Seasonal Harvest Award winners are promoted with a poster, tent card, description cards and invoice stuffers or handouts

FEATURE COFFEE PROGRAM

Every month, our president, Peter Pesce samples coffees from dozens of estates around the globe. All of our coffees are specialty-grade high-grown Arabicas, but every once in a while a coffee estate enjoys a harvest that is exceptional. We often purchase as much of this harvest as possible to bring our customers a unique coffee experience.

This program is designed to help our foodservice partners position themselves as the coffee experts in their markets. Customers that are always on the lookout for a new and exotic coffee experience will appreciate being offered the latest award-winning coffee from Reunion Island.

The free accompanying promotional materials will help promote the coffee, renewing your customers' excitement. We launch one of these limited edition coffees seasonally.

We also introduce a feature flavored coffee every two months. These flavored coffees tie in well with seasonal promotions (i.e. Pumpkin Spice for Fall).

Feature flavored coffees are promoted with a mini-poster & description cards

EQUIPMENT COMPONENTS



Brewer
Newco GXF-P



Airpot
Koffee Kup 2.2l (120818)



Cappuccino machine
Karma III



Airpot Rack
Newco 2-pot rack (110583)



Airpot Rack
Newco 4-pot rack (120913)



Airpot Rack
Newco 6-pot rack (120914)

EQUIPMENT PACKAGES

We have developed four equipment packages to suit a variety of store volumes and layouts, as outlined below. All pricing is direct from Newco.

Package A

Small store with low volume (50-99 cups/day).

- Newco brewer, Model GXF-P (1)
- Koffee Kup 2.2l Airpots, Model 120818 (4)
- Newco 4-pot rack, Model 120913 (1)

Package B

Medium-size store without kiosk (100-199 cups/day).

- Newco brewer, Model GXF-P (1)
- Karma III cappuccino machine, Model Pic 3 (1)
- Koffee Kup 2.2l Airpots, Model 120818 (6)
- Newco 6-pot rack, Model 120914 (1)

Package C

Standard store, with kiosk (200-299 cups/day).

- Newco brewer, Model GXF-P (1)
- Karma III cappuccino machine, Model Pic 3 (1)
- Kiosk, custom (1)
- Koffee Kup 2.2l Airpots, Model 120818 (6)
- Newco 2-pot rack, Model 110583 (3)

Package D

High-volume store, with kiosk (300+ cups/day).

- Newco brewer, Model GXF-P (2)
- Karma III cappuccino machine, Model Pic 3 (1)
- Kiosk, custom (1)
- Koffee Kup 2.2l Airpots, Model 120818 (8)
- Newco 2-pot rack, Model 110583 (2)
- Newco 4-pot rack, Model 120913 (1)



CONCLUSION

We hope that this introduction to **Reunion Island** will be the first step in building a long-term partnership with you. We are confident that we can offer the following unique advantages as your specialty coffee partner:

- **Consistently highest quality coffee**
- **Competitive pricing**
- **Quarterly “feature” coffees**
- **Turnkey program with proven track record**
- **A distinct, memorable brand image**
- **Ongoing marketing and training support**
- **Long-term commitment to partnership**

We look forward to demonstrating how the **Reunion Island** branded program can dramatically affect your coffee revenues.

Thank you again for your consideration of this presentation. Please do not hesitate to contact us with any questions or to further our discussions.

**Reunion Island
Coffee Limited**
Tel. 800.565.5950
905.829.8520
www.ricoffee.com

APPENDIX A

On a quest for coffee

Canadians are java snobs — we demand the best brew for our buck and mostly we get it. Find out what to look for when buying your next bagful of beans *by Donna Jean Mackinnon*

“I love coffee, I love tea,
I love the Java Jive and it loves me
Coffee and tea and the jiving and me,
A cup, a cup, a cup, a cup, a cup!
Oh slip me a slug from the wonderful mug
Waiter, waiter, percolator
I love coffee, I love tea, etc.”

“Java Jive,” an Ink Spots hit from 1940

Coffee Guru Peter Pesce, reputedly the best “cupper” in Canada, describes himself as a specialty roaster.

Not only is Pesce a cupper (taster) par excellence, he is a walking encyclopedia of coffee facts, figures and esoterica.

So we asked him to tell all when it comes to purchasing coffee for the home.

Pesce’s first tip on buying coffee beans (a must for the best results) is to look for uniformity of size, shape and colour.

“Watch for quakers,” Pesce says at his headquarters at Reunion Island Coffee in Oakville.

Quakers?

Pesce explains, if a bean is picked before it’s ripe, it will not roast and the result is a petrified, discoloured bean. Quakers give a “popcorn” taste to your coffee and indicate the beans haven’t been properly processed.

High quality beans are grown at high altitudes — 4,500 to 5,500 feet above sea level. As the Earth rotates around the sun, there is the right amount of sun and shade on a mountain top to nurture a bean.

Coffee grown at about 3,000 feet all tastes the same because it lacks the subtleties and nuances found in mountain top crops, Pesce says.

The just-picked beans should have nice white centres and some surface roughness.

Interestingly, coffee consumption is the highest in cold climates and it turns out that

as a nation we are connoisseurs of the bean.

Canadian consumption of premium coffee is increasing, causing the coffee import market to grow 3 to 4 per cent a year. Two out of three Canadians over 18 drink at least two cups a day, according to Sandy McAlpine, president of the Coffee Association of Canada.

“We have 7,000 coffee-focused outlets in this country, offering good-quality coffee,” he says.

This all adds up to a cornucopia of the world’s best coffee at the tip of our tongues.

And the tongue is where it’s at when it comes to judging coffee.

Pesce has a formal tasting room with a customized cupping (tasting) table. This table is equipped with spittoons and little taps attached to the edge, just like the tiny sinks adjacent to a dentist’s chair.

We have four cups each (really bowls) containing six ounces of coffee made with 1 ounce (6 grams) of ground coffee. We are tasting and testing for aroma, body and acidity.

Lesser quality coffee grounds float; high quality grounds fall to the bottom of the cup.

We are testing Colombia Supreme, Kenya, Sumatra, Colombian Continental Dark. We tongue the coffee — coat our tongues, roll each brew around and spit it out. Pesce explains that the tip of the tongue tastes sweetness, the sides sourness or acidity and the centre of the tongue picks up “heavier notes” in the coffee.

Pesce, assuming the air of a sommelier, discusses matching coffees to desserts. Colombia Supreme, with its malty aroma and hint of caramel on the tongue, complements sponge-type cakes. Kenya, with its fruity aroma and winey taste, is a match



The best coffee beans are grown at high altitudes. They should be consistent in quality and used as quickly as possible after roasting, says wholesaler Peter Pesce.

for a strawberry tart, while spicy Sumatra is ideal with carrot cake. Save the dark continental with its burnt-nut attributes for creamy mousses and crème caramel.

As a wholesaler, Pesce imports sacks of green coffee, weighing 60 to 70 kilograms. Before these beans are roasted in his pristine gas roaster — 230 kilograms at a time — a fan blows the dust and impurities away. After roasting at 425 degrees F for medium roast, stones and chaff are blown out and then the coffee is bagged and coded so Pesce knows exactly when it was roasted.

“The whole process is done with air — pneumatic equipment — so the beans don’t break,” Pesce says.

From the time a sample of coffee arrives at Reunion until the roasted beans are bagged, Pesce has tasted it at least 100 times to ensure quality is consistent.

“If there are different taste profiles from

Cover Story

Great coffee is all a matter of taste

COFFEE From M1

the same batch of beans, it means they are not consistent,” he says. “All cups have to taste the same.”

Once roasted, coffee’s biggest enemy is oxygen, which makes the coffee go stale. Reunion Island coffee is shipped within a week of roasting.

The freezer retards staleness, but then deterioration of the coffee accelerates when it’s taken out. The best storage is an airtight jar or tin kept in a cool dark place.

Caffeine is a complex subject, Pesce admits. Pesce, who facilitates workshops for retailers and their employees, covers caffeine in these sessions as well as the whole coffee story from its botany through the farming process to a final cupping.

The darker the roast, the lower the caffeine level, Pesce explains. Also the darkest roasts can be more bitter but not as strong as lighter roasts.

For the same pound of coffee, the amount of caffeine is determined by the proportion of coffee to water, not by the lightness or darkness of the beans.

Espresso has less caffeine (75 mg per cup) because of the brewing method. Espresso and regular coffee require the same measure of coffee. It takes only 15 seconds for grounds to go through an espresso machine, while regular coffee takes about seven minutes and therefore more caffeine is extracted from the beans (150 milligrams per cup). Naturally, the more coffee used per cup, the higher the caffeine count.

Pesce started in the food business in his early 20s and from the get-go was smitten with the coffee roasting process.

“I was fascinated that ugly green beans turned into a beautiful beverage. I wanted to be a coffee roaster,” he says.

In 1978, he imported secondhand equipment from Cincinnati and set up a small



Peter Pesce is a major coffee wholesaler in the GTA area. At right is a replica of a coffee machine from the early 1900's, part of his collection at his Oakville headquarters.

warehouse in Downsview. After nine years, his coffee company had taken over 21,000 square feet and he had become the largest distributor of specialty coffee in Canada. Soon the large corporations — Mother Parker’s, Van Houtte, Kraft — were hounding him to sell. Eventually Pesce couldn’t say no to the money offered. He sold in 1988 and retired at 41. Bored, he started Reunion in 1995.

Over the years, Pesce has indulged in many fine brews. His personal unblended favourite is Guatemalan coffee, but, as a connoisseur, the most “exciting and exotic” are the coffees from Ethiopia and Kenya.

“You can blend them and get fruity and winey flavours,” he says.

Pesce drifts off into the memory of 100 bags of coffee he once acquired, grown by a small farmer on the side of a volcano in El Salvador.

“It was really unusual — nutty, heavy body and nice acidity,” he recalls. “You don’t usually get all these features in one bean.”

The farmer’s last crop all went to a German importer. He has since bought more

land and Pesce has an order in and hopes he will get some more of this memorable coffee.

On the subject of small growers, organic “Fair Trade” coffee is less than 2 per cent of total sales and it is not growing in market share.

“Generally, it is not very good quality and it’s sold mainly to university students,” Pesce says.

Casa Acoreana, in the Kensington Market, stocks all of Pesce’s labels. He describes this food emporium as the best retail coffee store in Canada. His coffee runs about \$10 a pound there. Of all his own roasts, he prefers the Privateer blend.

“Most of the specialty chains buy good beans,” he says. “Canadians are spoilt. The quality is significantly higher than that sold in U.S. outlets.”

On the other hand, Pesce says the beans in most supermarket bins are “gawdawful.”

“Look carefully at them and you will see the beans are broken. They are different sizes and there are quakers,” he says. “If the coffee doesn’t look good, it isn’t going to taste good.” [Edited for space]

APPENDIX B

Quality Assurance & Maintenance Report

Location: _____ Date: _____

Acct. Mgr: _____ Signature: _____

Ratings:
 E (Excellent)
 S (Satisfactory)
 N (Needs Improvement)

Equipment Condition

Thermos Exterior

Dents and scratches	E	S	N
Place Cup Here stickers (if applicable)	E	S	N
Description Cards	E	S	N
Comments and specific action taken _____			

IQ 2000 Brewer

Sprayhead, exterior & hot water spigot	E	S	N
Brew basket	E	S	N
Temperature (straight drop): _____ °F			
Thermos level/water flow	E	S	N
Brew Lights	E	S	N
Comments and specific action taken _____			

Grinder weight checked: _____ (weight)
 Comments and specific action taken _____

Thermos Interior

Site tube	E	S	N
Thermos glass tube	E	S	N
Comments and specific action taken _____			

Cappuccino Machine

Water Temperature	E	S	N
Whipper pieces clean	E	S	N
Flavour, product throw adequate	E	S	N
Drip tray clean	E	S	N
Back splash clean	E	S	N
Flavour labels accurate and in place	E	S	N
Comments and specific action taken _____			

Java Post Awning (Please clean according to Head Office instructions)

Canvas dust-free, no spots or stains	E	S	N
Metal frame free of debris and rust (important)	E	S	N

Freshness Standards

Coffee is within code dates	E	S	N
Coffee is not ground until brewed	E	S	N
Coffee is not held too long	E	S	N
Cream & milk is within code dates	E	S	N
Comments and specific action taken _____			

Marketing

Condiment tray is clean & well-stocked	E	S	N
Condiment area is clean	E	S	N
Thermoses are wiped clean of water stains, grease & finger prints	E	S	N
Dark Roast, Light Roast and Flavours are available	E	S	N
Comments and specific action taken _____			

Taste Test

Coffees	E	S	N
Flavoured Cappuccino	E	S	N
Comments and specific action taken _____			

Report for **REGINA ISLAND COFFEE** Contact: _____

Title: _____ Signature: _____