

Boston Pizza Royalties Income Fund

TSX : BPF.UN

Investor Presentation

August 9, 2018



Forward Looking Information

Certain information in this presentation may constitute “forward looking information” that involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Forward-looking information is provided as of the date hereof and, except as required by law, the Fund assumes no obligation to update or revise forward-looking information to reflect new events or circumstances.

This presentation should be viewed in conjunction with the Fund’s Q2 2018 Management’s Discussion and Analysis, a copy of which can be obtained at www.sedar.com. All information in this presentation is as at June 30, 2018 unless otherwise stated.



Presentation Overview

Investment Highlights

- Distribution history
- Performance highlights

Boston Pizza International Inc.

- Restaurant concept
- Growth history
- Outlook

Boston Pizza Royalties Income Fund

- Topline structure
- Financial performance

Appendix

- Roll-in details
- BP Foundation & awards



Investment Highlights

- **13.4% average annualized compound return** with reinvestment of distributions since 2002
- **Commitment to sustainable and growing distributions** through 18 distribution increases since the Fund's IPO in 2002
- **Predominantly franchised concept** with six corporately owned restaurants and 385 franchised restaurants
- **54 year history** with first location opening in 1964, listed on the TSX for 16 years
- **Revenue stream is tied to franchise sales** and as such, investors are not directly exposed to underlying business profitability or expenses
- **Annual payout ratio consistently close to 100%** of distributable cash as there is no need for the fund to retain capital for other purposes
- Average annual same store sales growth ("**SSSG**") of **2.9% since 2002***
- **Three distinct dining experiences** (Restaurant, Sports Bar and Take-out & Delivery) and **multiple day parts** provide diverse sales growth drivers
- **Long-term franchisees** with many owning multiple locations resulting in a **strong and stable franchisee base**
- **Constantly updating restaurants** through mandatory renovation program (completed 185 over last 4 years)*
- **Operates in 10 provinces and two territories across Canada** providing regional diversity with \$1.1 billion in system-wide gross sales in 2017
- **Strong track record of growth** in restaurants, franchise sales and distributable cash per unit

13.4% Return

(average annualized compound return with reinvestment of distributions since 2002)

18 Distribution Increases

(since 2002)

2.9% SSSG*

(average annual since 2002)

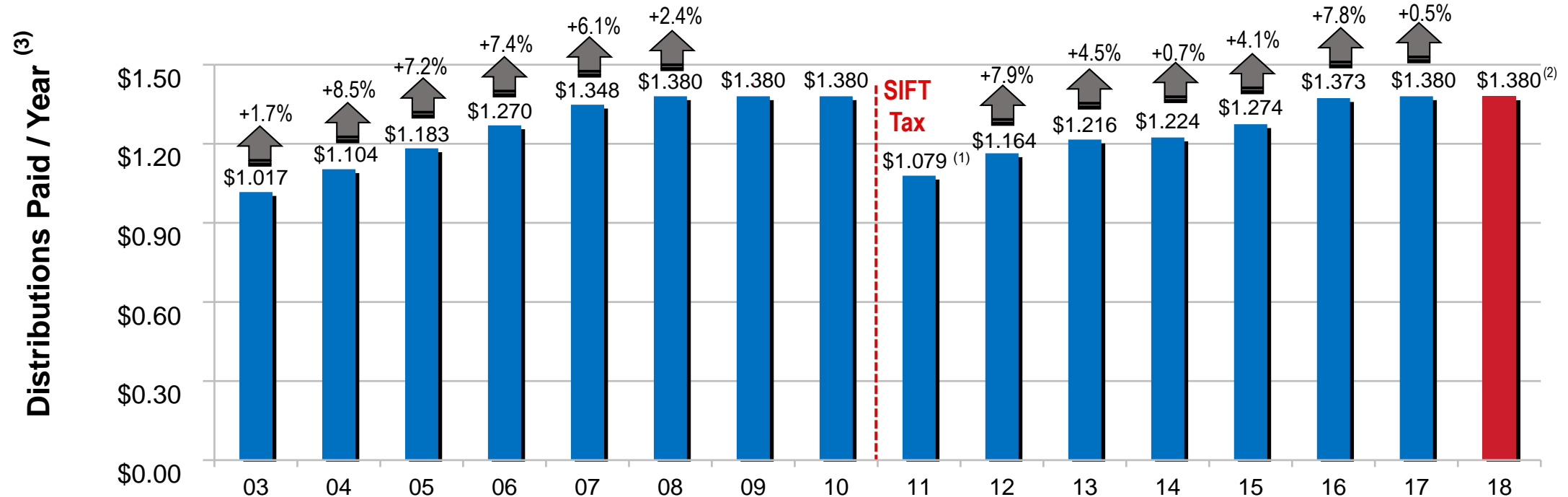
\$1.1 Billion

(system-wide gross sales in 2017)



Annual Distributions Paid

As at June 30, 2018 the Fund has increased distributions paid to unitholders 18 times. Including the July 2018 distribution payable on August 31, 2018, the Fund will have paid out \$20.07 per unit or \$294.3 million through 193 consecutive monthly distributions to unitholders since the IPO in 2002.



(1) \$1.079 includes the impact of federal SIFT tax (26%) partially offset by a 9.5% increase in monthly distributions paid to unitholders effective July 2011.

(2) \$1.380 is the annualized distributions for 2018 based on actuals to date and assuming distributions of 11.50 cents monthly for the remainder of 2018.

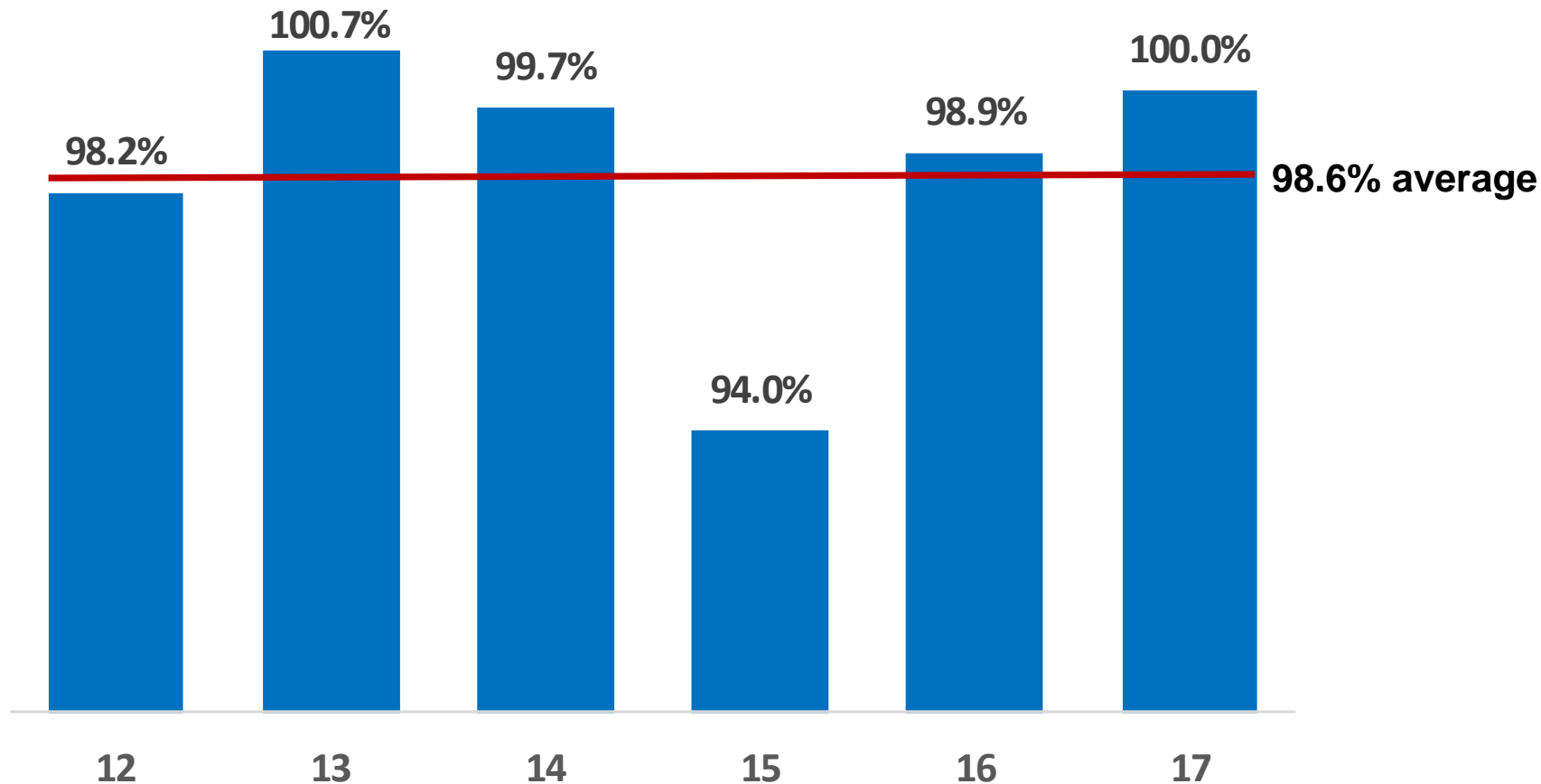
(3) All distribution increases represent year-over-year increases.

BOSTON PIZZA ROYALTIES INCOME FUND



Consistent Payout Ratio

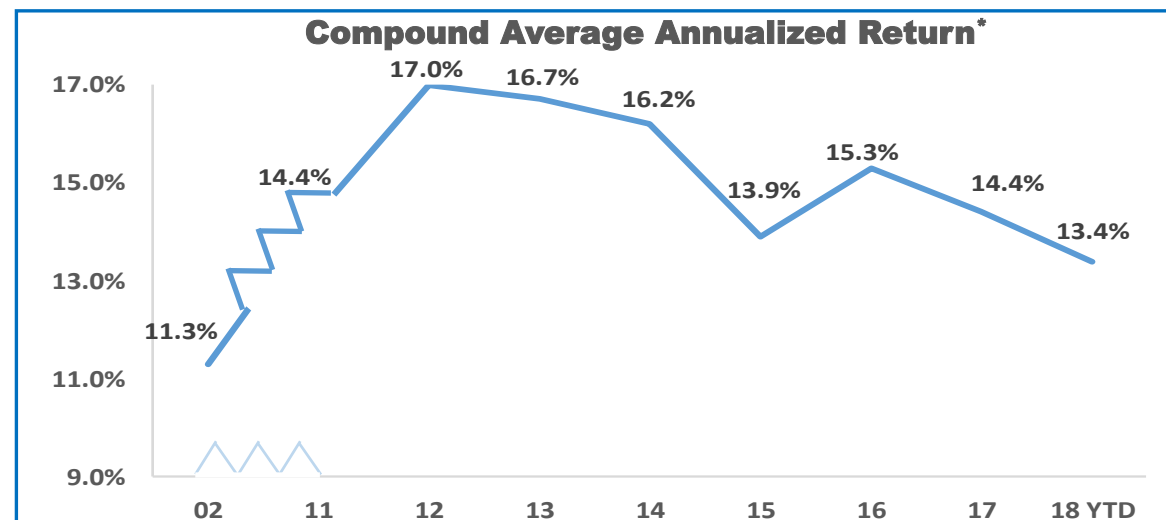
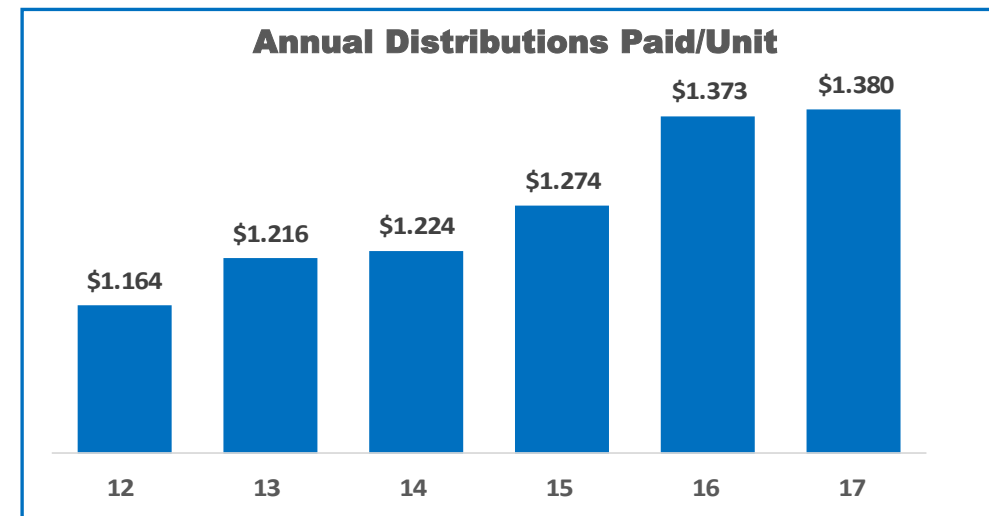
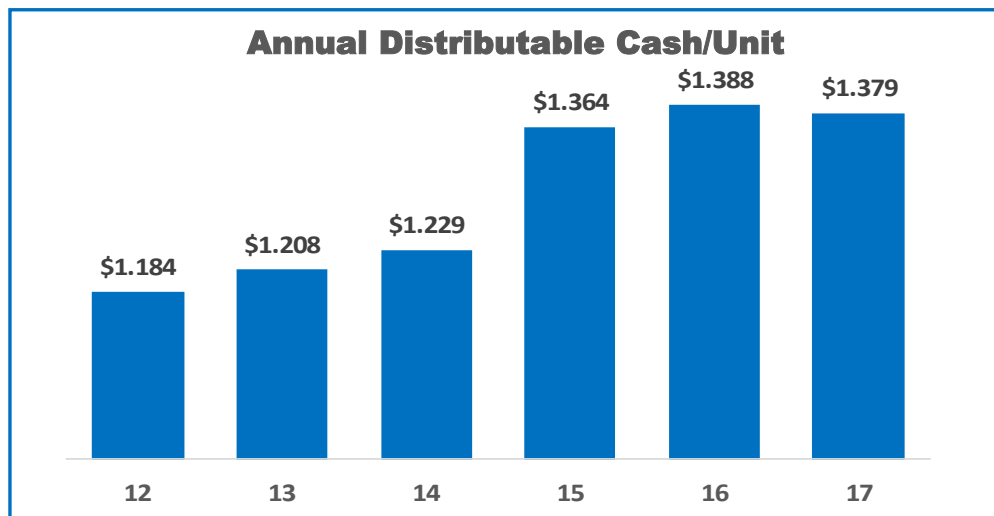
Annual payout ratio is consistently close to 100% of distributable cash as there is no need for the Fund to retain capital for other purposes.



BOSTON PIZZA ROYALTIES INCOME FUND



Excellent Track Record for Unitholders



National Brand

Canada's #1 Casual Dining Brand

Boston Pizza operates in 10 provinces and 2 territories, serving more customers in more locations than any other casual dining restaurant brand in Canada

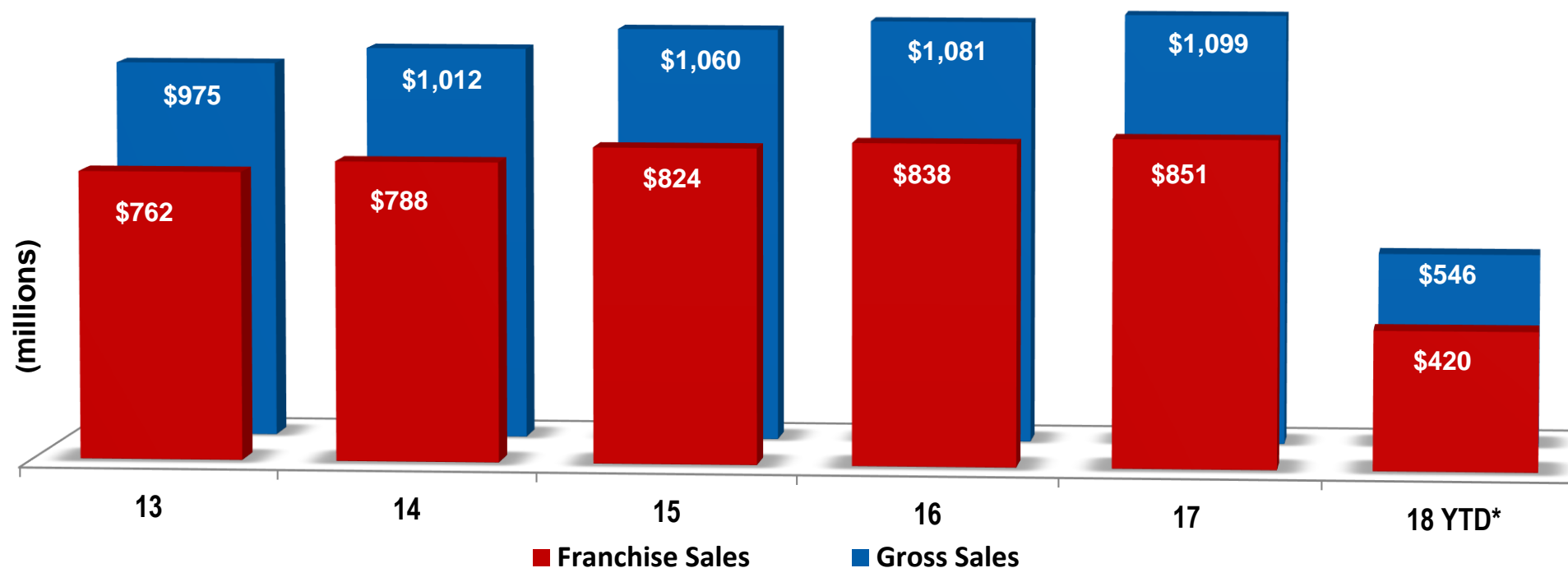


391 locations as of June 30, 2018.

BOSTON PIZZA ROYALTIES INCOME FUND



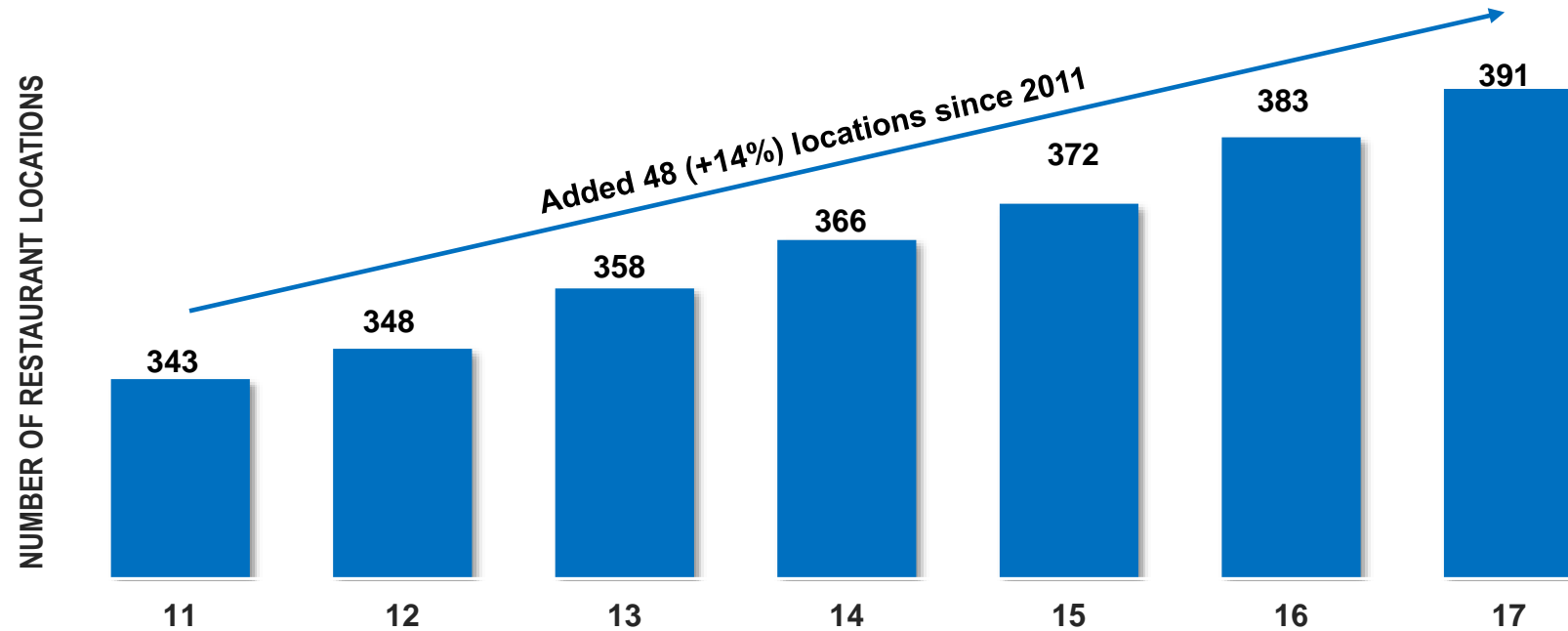
System-Wide Franchise & Gross Sales



*All years as at December 31, except 2018 which is the six months ended June 30.



Restaurant Growth



BOSTON PIZZA ROYALTIES INCOME FUND



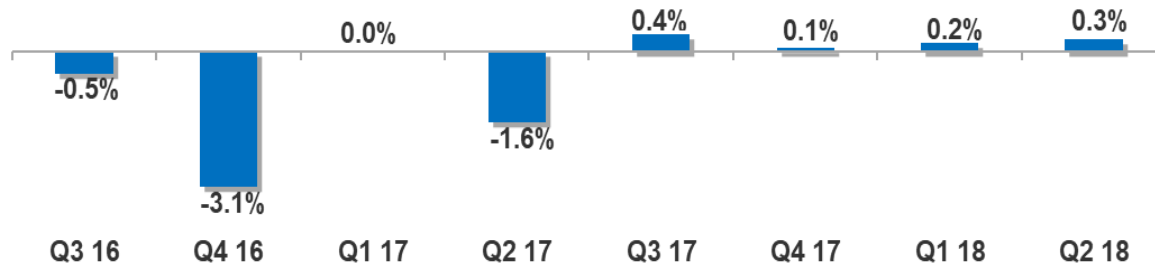
Competitive Advantages

- Family-friendly restaurant and sports bar attracts two distinct customer demographics
- Well positioned in mid-scale casual dining
- Broad, diversified menu for any dining occasion
- Multiple day parts plus take-out and delivery
- National purchasing power to reduce input costs
- Mandatory seven year renovation schedule
- Marketing co-op funded by franchisees
- Proprietary digital marketing and loyalty programs including MyBP, Team HQ and Online Ordering
- Single brand focus
- Strong franchisee network

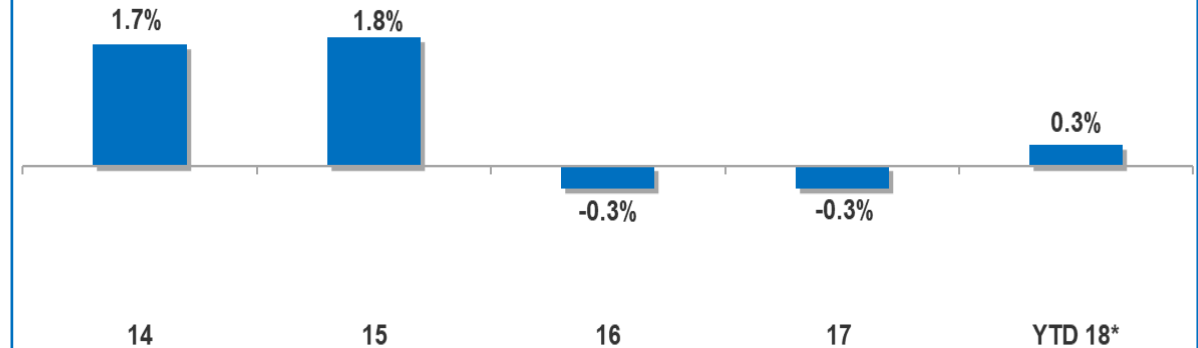


Same Store Sales Growth

Quarterly Same Store Sales Growth



Annual Same Store Sales Growth



*All figures are annual SSSG as at December 31, except 2018 which is the six months ended June 30.



Same Store Sales Growth Drivers

SSSG is achieved through:

Increasing Guest Traffic

- Marketing programs through national franchisee co-op program
- Digital marketing and loyalty initiatives
- Take-out and delivery segment growth
- Continuous menu innovation
- Consistent focus on improving the guest experience

Increasing Average Guest Cheque

- Boston Pizza's national menu is refreshed annually with new menu items and local price adjustments

Renovation Program

- Franchisees are required to renovate their restaurants every seven years to the latest design standards, which generally provides incremental sales growth post-renovation



Marketing and Promotion



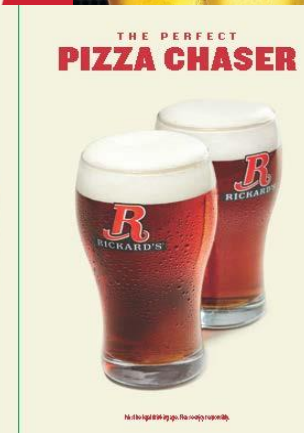
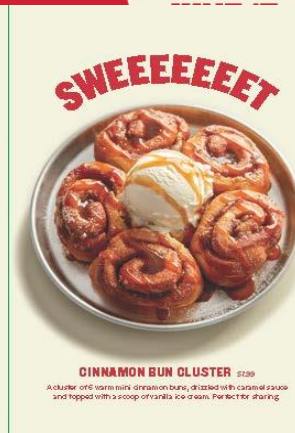
**THE ——— NEW
THIN CRUST
CREATIONS**



FATHER'S DAY CHECKLIST

☒ PIZZA
☒ BEER
☒ SPORTS

**BOOK A
TABLE FOR**



PLAY FANTASY HOCKEY!
OVER \$350,000
IN PRIZES



BOSTON PIZZA ROYALTIES INCOME FUND

Continuous Menu Innovation

- Annual national menu refresh
- Regional pricing adjustments
- Keeping up with consumer trends by constantly updating menu items
- Executive Chef and BP culinary team lead the process of R&D and menu management



Continuous Menu Innovation

- Pizzaburger®
- Wing sauces
- Cactus Cut Nachos
- Salads
- Fish Tacos
- MVB™
- Doughcano®
- Big Dipper sandwich
- Thin Crust Pizza

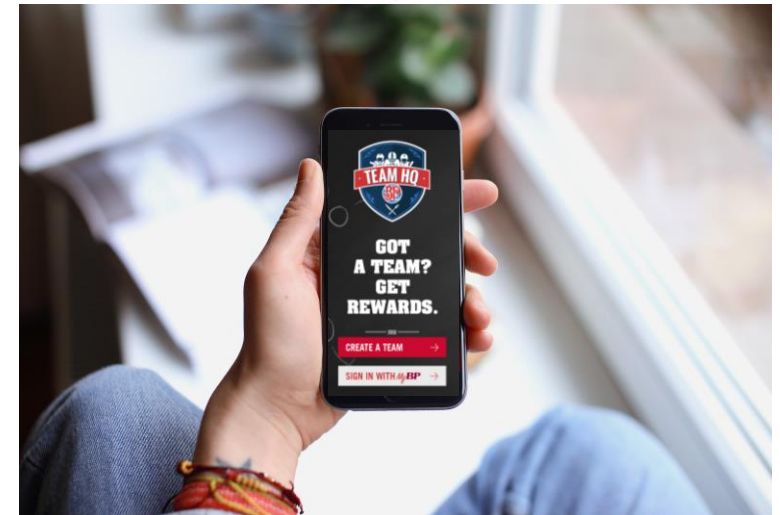


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Digital Marketing & Loyalty



- MyBP & Online Ordering:
 - iPhone app launched in 2014 – Android version launched May 2016
 - Targeted loyalty offers
 - Increasing functionality
 - Improving experience and conversion rates
 - Online ordering growth
 - Increased average guest check for online vs. phone-in orders
- Team HeadQuarters launched nationally September 2017
- New website with enhanced mobile features and online ordering capabilities launched in Q3 2017
- Recently launched Skip the Dishes partnership



MyBP is a registered trademark of Boston Pizza Royalties Limited Partnership, used under license. Team HQ is a trademark of Boston Pizza International Inc., used under license.

BOSTON PIZZA ROYALTIES INCOME FUND

Restaurant Renovations - Exterior

Before



After



BOSTON PIZZA ROYALTIES INCOME FUND



Restaurant Renovations – Dining Room

After

Before



Restaurant Renovations – Sports Bar

After

Before



New Restaurant Development

- Multi-channel strategy
 - Leverage prototype models to suit area
 - Conversions
 - Non-traditional: hotels and airports
- Franchisee development
- Real Estate



New Urban Prototype



Front & John Street, Toronto

BOSTON PIZZA ROYALTIES INCOME FUND



Outlook

- Continue to strengthen Boston Pizza's position as Canada's #1 casual dining brand through positive SSSG and new store openings.
- Six new Boston Pizza locations under construction to date, with more planned to open in 2018.
- 21 restaurant renovations completed to date in 2018, with numerous renovations planned for the remainder of the year.



Solid Structure

Top-line income fund structure

- Royalty and distribution income are based on franchise sales
- Investors are not directly exposed to expenses or profitability of Boston Pizza International or Boston Pizza restaurants



Q2 Highlights

- System-Wide Gross Sales of \$280.8 million for the Period and \$546.4 million YTD, representing increases of 1.9% and 1.8%, respectively, versus the same periods one year ago.
- Franchise Sales from royalty pool restaurants of \$215.4 million for the Period and \$419.4 million YTD, representing increases of 1.3% and 1.0%, respectively, versus the same periods one year ago.
- Same store sales growth of 0.3% for the Period and 0.3% YTD.
- Distributable Cash per Unit decreased 3.7% for the Period and decreased 3.0% YTD.
- Payout Ratio of 103.0% for the Period, 107.8% YTD, and 101.6% on a trailing 12-month basis. Cash balance at the end of the Period was \$2.2 million.
- Effective January 1, 2018, the British Columbia provincial government increased the general corporate income tax rate by 1%, which increased the Fund's SIFT tax rate by 1% to 27%. The decreases in Distributable Cash per Unit and the increases in Payout Ratio for the Period and YTD compared to the same periods in 2017 were principally due to the 1% increase in SIFT Tax.
- Trustees declared the July 2018 distribution to unitholders of 11.5 cents per Unit.



Quarterly Financial Performance

\$ thousands except per Unit data, payout ratio, SSSG and restaurants

	2018 Q2	2017 Q2
NUMBER OF RESTAURANTS IN ROYALTY POOL ¹	391	383
FRANCHISE SALES BY ROYALTY POOL RESTAURANTS	215,353	212,691
ROYALTY INCOME	8,615	8,508
DISTRIBUTION INCOME	2,871	2,686
INTEREST INCOME	7	452
TOTAL REVENUE	11,493	11,646
DISTRIBUTABLE CASH ²	7,329	7,059
DISTRIBUTABLE CASH PER UNIT	0.335	0.348
DISTRIBUTIONS PAID PER UNIT	0.345	0.345
PAYOUT RATIO	103.0%	99.1%
SAME STORE SALES GROWTH	0.3%	(1.6%)

¹The Fund reports changes to the number of Royalty Pool stores each year on January 1 as part of the new store roll-in process

²For a reconciliation to the nearest IFRS measure, Cash Flows from Operating Activities, please see the Fund's MD&A for Q2 2018



YTD Financial Performance

\$ thousands except per Unit data, Payout Ratio, SSSG and restaurants

	2018 YTD	2017 YTD
NUMBER OF RESTAURANTS IN ROYALTY POOL ¹	391	383
FRANCHISE SALES BY ROYALTY POOL RESTAURANTS	419,390	415,097
ROYALTY INCOME	16,776	16,604
DISTRIBUTION INCOME	5,593	5,244
INTEREST INCOME	16	904
TOTAL REVENUE	22,385	22,752
DISTRIBUTABLE CASH ²	14,003	13,387
DISTRIBUTABLE CASH PER UNIT	0.640	0.660
DISTRIBUTIONS PAID PER UNIT	0.690	0.690
PAYOUT RATIO	107.8%	104.6%
SAME STORE SALES GROWTH	0.3%	(0.9%)

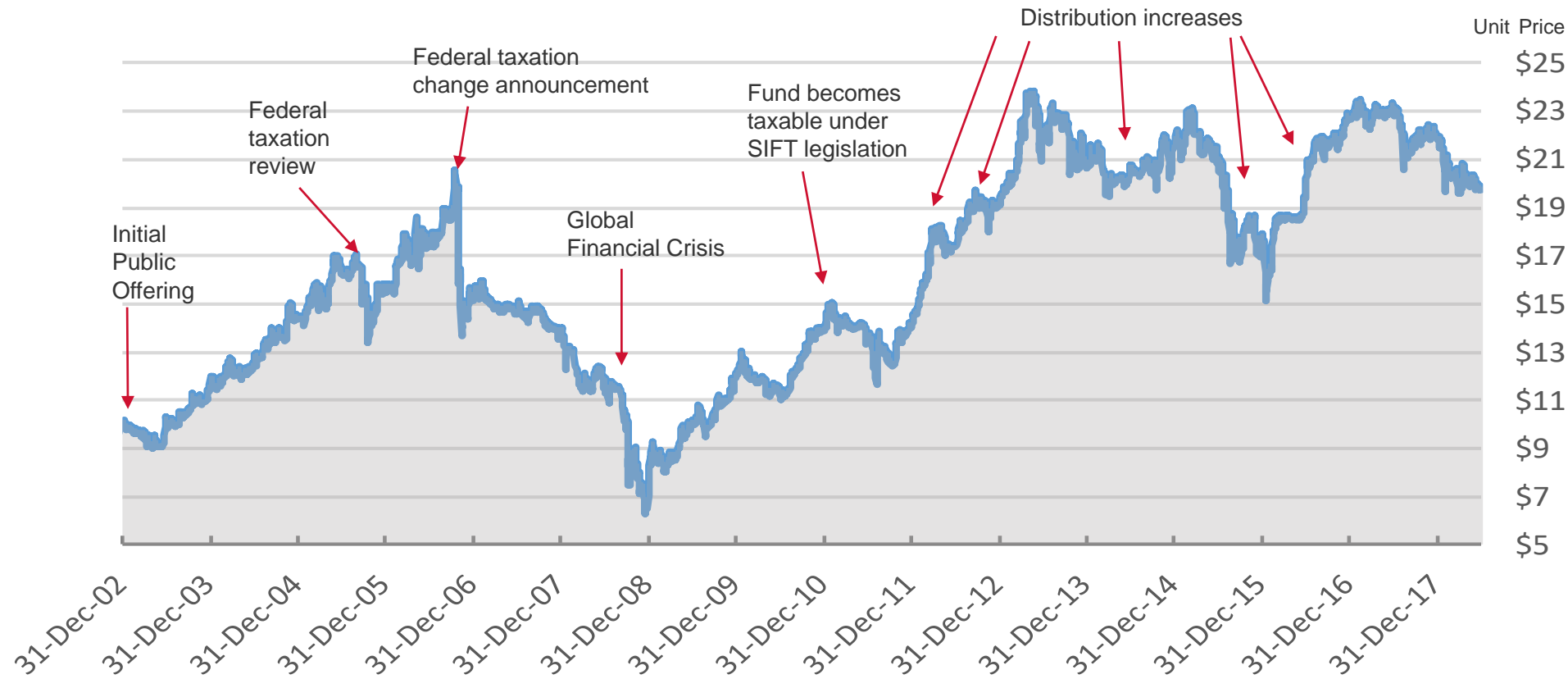
¹The Fund reports changes to the number of Royalty Pool stores each year on January 1 as part of the new store roll-in process

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Unit Price History

Including the \$19.84 per Unit declared distributions as at June 30, 2018 the Fund has produced a total simple return* to investors of **296%** since inception.



*Excluding reinvestment of distributions paid. As at June 29, 2018 (BPF.UN closed at \$19.72).

BOSTON PIZZA ROYALTIES INCOME FUND



Capital Markets Profile

As at June 30, 2018

TSX Stock Symbol	BPF.UN
Publicly Traded Units	21,886,063
BPI's Unit Equivalents*	2,914,774
BPI's % Ownership*	11.8%
Unit Price	\$19.72
Market Capitalization**	\$489.1 million
Total Debt Maturing in 2020	\$86.8 million
Debt to EBITDA Ratio	2.0 : 1.0
Annualized Distribution	\$1.38/unit
Distribution Yield	7.0%
Cash Balance	\$2.2 million
2017 Distribution Return of Capital	21.9%
2017 Distribution Eligible Dividend	78.1%

BOSTON PIZZA ROYALTIES INCOME FUND *Includes holdback. BPI is required to hold at least 10% of the Fund's Units including holdback.

**Includes BPI entitlements, including holdback



APPENDIX



Roll-In Details

- BPI receives additional entitlements of Fund Units on Jan. 1 of each year based on restaurants opened/closed in the prior calendar year
- To determine the additional entitlements received by BPI for the roll-in, estimated franchise sales of opened restaurants are netted against franchise sales of closed restaurants (based on year the closed restaurant was added to the Royalty Pool). The net franchise sales are then adjusted for:
 - Royalty and Distribution Income rate of 5.5% (starting in 2016 – 4.0% prior to that)
 - Discounted by 7.5% (effective since IPO)
 - Reduced by the effective SIFT tax rate
 - Divided by the actual distributions paid per Fund Unit in the prior year
- 80% of the additional entitlements are issued immediately and 20% are held back until the actual franchise sales and effective SIFT tax rate are known
- Estimated franchise sales and effective SIFT tax rate are adjusted early in the following year when actuals are known
- BPI is entitled to receive monthly distributions on the additional entitlements including the holdback



Roll-In History (3 years)*

	Actual	Actual	Actual	Estimate
Calendar year opened/closed	2014	2015	2016	2017
Roll-in date	01-Jan-15	01-Jan-16	01-Jan-17	01-Jan-18
Openings	14	12	13	11
Closures	(6)	(6)	(2)	(3)
Net restaurants added	8	6	11	8
Franchise sales for restaurants opened (in \$000s)	23,816	23,416	21,112	18,950
Franchise sales for restaurants closed (in \$000s)	(6,927)	(7,699)	(1,415)	(5,476)
Net franchise sales added (in \$000s)	16,889	15,717	19,697	13,474
Royalty and Distribution Income rate	4.0%	5.5%	5.5%	5.5%
Royalty and Distribution Income before adjustments (in \$000s)	676	864	1,083	741
Discounted by 7.5% (in \$000s)	(51)	(65)	(81)	(56)
Effective tax amount (in \$000s)	625	800	1,002	685
	(141)	(169)	(214)	(171)
Amount used to calculate Additional Entitlements (in \$000s)	484	631	788	514
Distributions paid per unit in year opened/closed (in \$)	1.224	1.281	1.373	1.380
Additional Entitlements received - 80% (in 000s)	316	394	459	298
Holdback - 20% (in 000s)	79	99	115	75
Total Additional Entitlements with Holdback (in 000s)	395	493	574	373
Class B Additional Entitlements with Holdback (in 000s)	395	358	417	271
Class 2 Additional Entitlements with Holdback (in 000s)		134	156	102
Effective tax rate	22.6%	21.1%	21.4%	25.0%

- On Jan. 1/15 royalty rate was 4.0%
- Completed transaction in 2015 to increase rate to 5.5% and create Class 2 Additional Entitlements
- The franchise sales and effective SIFT tax rate for the roll-ins on Jan. 1 of 15/16/17 are actuals (Jan. 1/18 is estimated and will be adjusted to actual in early 2019)

* Some figures in the table have been rounded

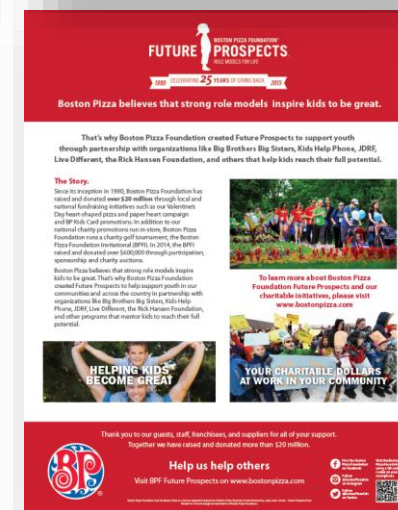
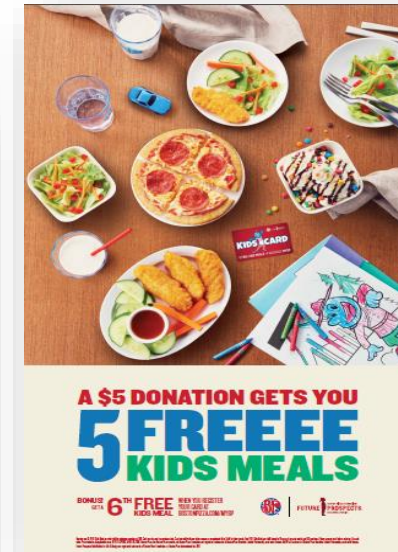


Boston Pizza Foundation Future Prospects

- Commitment to giving back in communities where we operate BP restaurants.
- Boston Pizza Foundation has raised and donated \$27 million to various Canadian charities since 1990.
- Signature cause of BPF Future Prospects is role modeling and mentoring opportunities for Canadian youth.

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BOSTON PIZZA ROYALTIES INCOME FUND



Awards Received by Boston Pizza

- **Franchisees' Choice Designation**
Canadian Franchise Association (2011-2017)
- **Canada's 50 Best Managed Companies Platinum Club**
Deloitte (2004-2017)
- **Great Place to Work**
Best Workplaces in Canada (2017-2018)
- **Lifetime Achievement Award: Jim Treliving**
Canadian Franchise Association (2012)
- **Tops in Hospitality**
Foodservice and Hospitality Magazine (2007-2012)
- **Gold CASSIES Marketing Awards (2011, 2014, 2015)**



THANK YOU!



Investor contact: investorrelations@bostonpizza.com | www.bpincomefund.com