



For Immediate Release

The Toronto Stock Exchange: BPF.UN

BOSTON PIZZA ROYALTIES INCOME FUND
ANNOUNCES 2005 RESULTS

Same Store Sales Growth 8% in 2005
Earnings up by 18.5%

VANCOUVER, BC, (February 07, 2006) - Boston Pizza Royalties Income Fund (the "Fund") reported today financial results for the period of January 1, 2005 to December 31, 2005 (the "Period").

Same Store Sales Growth ("SSSG"), the key metric for revenue growth of the Fund, was 8% for the Period. Overall growth in Franchise Sales of royalty pooled restaurants, a combination of new restaurants added to the royalty pool and SSSG, was 19%. As well, in 2005, Boston Pizza International Inc. ("BPI") opened 31 new Boston Pizza restaurants across Canada with no closures. One restaurant was relocated to an improved site while 18 locations were renovated. "2005 was a record setting year for our organization," said Mike Cordoba, Chief Executive Officer of Boston Pizza. Cordoba went on to say, "We opened more restaurants than any other single year in our operating history while not closing any locations. We also delivered a very satisfactory same store sales growth result which enabled us to deliver two distribution increases to our unitholders during the year."

Net Earnings per unit increased by 6% during 2005 compared to 2004. Net Earnings of the Fund for the Period were \$11,465,930 or \$1.20 per unit compared to 2004 in which Net Earnings were \$9,675,737 or \$1.13 per unit. Distributions declared per unit increased by 7%. Distributions declared for the Period were \$11,401,508 or \$1.19 per unit compared to 2004 in which distributions declared were \$9,662,090 or \$1.11 per unit. The current monthly distribution translates into an annualized distribution of \$1.24. Distributions for the Period were funded entirely by cash flow from operations. No debt was incurred at any point during the Period to fund distributions.

The tax treatment of 2005 distributions is 19.4% return of capital and 80.6% income.

The Fund is a limited purpose, open-ended trust established under the laws of British Columbia to acquire indirectly certain trade marks and trade names used by Boston Pizza International Inc. ("BPI") in its Boston Pizza restaurants in Canada. The trade marks are licensed to BPI for 99 years for which BPI pays the Fund 4% of franchise revenues of royalty pooled restaurants. In 2005 there were 195 restaurants in the royalty pool. Effective January 1, 2006 there are 226 restaurants in the royalty pool.

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HIGHLIGHTS

The following table sets out selected historical information and other data of the Fund, which should be read in conjunction with the attached consolidated financial statements of the Fund.

	Year End		Year End	
	December 31, 2005		December 31, 2004	
(in thousands of dollars – except restaurants and per unit items)				
Restaurants in Royalty Pool		195		177
Franchise Sales reported by restaurants in Royalty Pool	\$	393,212	\$	329,823
Royalty Income – 4% of Franchise Sales of Royalty Pool Restaurants	\$	15,728	\$	13,196
Partnership administrative and interest expenses	\$	891	\$	733
Partnership earnings for the period before undernoted	\$	14,837	\$	12,463
BPI's Interest	\$	5,172	\$	4,587
Equity income related to BPI royalties earned by the Fund	\$	9,666	\$	7,876
Interest Income	\$	1,800	\$	1,800
Net Earnings	\$	11,466	\$	9,676
Basic and diluted earnings per Fund unit	\$	1.20	\$	1.13
Distributions declared per Fund unit	\$	1.19	\$	1.11
Same Store Sales Growth		8.0%		6.8%
Number of restaurants opened during Period		31		17 ¹
Number of restaurants closed during Period		0		0
Number of restaurants in Royalty Pool at Year End		226		195

¹ There were 18 new restaurants added to the royalty pool on January 1, 2005. Of these 18 new restaurants, 17 were opened during November 2, 2003 to November 1, 2004.

The Fund also announced today that a true up adjustment has been performed on the additional unit entitlements (the "Additional Entitlements") that BPI received from the 18 new restaurants rolled into the royalty pool on January 1, 2005. Based on an audit of the royalties generated in 2005 by these 18 new restaurants BPI received 115,977 Additional Unit Entitlements. BPI will also repay an amount of \$169,071 for overpayment of monthly distributions. These Additional Entitlements are the equivalent of Fund Units and represent 0.8% of the Fund Units on a fully diluted basis. Including the Additional Entitlements described above, BPI has the right to exchange its securities for 4,061,034 Fund Units, representing 29.5% of the Fund Units on a fully diluted basis. BPI has agreed to maintain at least a 20% ownership interest, direct or indirect, in the Fund until such time as there are 275 restaurants in the royalty pool. See Table 1 below.

Table 1 - Summary of Boston Pizza Royalties Income Fund Units

	Issued & Outstanding Units, & Additional Entitlements	Issued & Outstanding Units, Additional Entitlements, & Holdback of Additional Entitlements
Public Float as of January 1, 2006	9,684,841	9,684,841
BPI Additional Entitlements - Outstanding as of January 1, 2006	3,945,056	3,945,056
BPI Additional Entitlements - Release of Holdback from 18 restaurants added to Royalty Pool on January 1, 2005.	115,977	115,977 ⁽¹⁾
BPI Additional Entitlements - Holdback as of January 1, 2006 (31 Restaurants added to Royalty Pool)	N/A	380,962 ⁽²⁾
Number of Fully Diluted Units as of January 1, 2006	13,745,874	14,126,836
BPI Total Ownership as of January 1, 2006	29.5%	31.4%

⁽¹⁾ Release of Holdback of Additional Entitlements based on audit of sales from 18 restaurants added to Royalty Pool on January 1, 2005.

⁽²⁾ Holdback of Additional Entitlements from 31 restaurants added to Royalty Pool on January 1, 2006. Actual number of Additional Entitlements will be determined in early 2007 once audited results of 31 restaurants is known.

OUTLOOK

Boston Pizza is well positioned for continued success in 2006. BPI estimates that it will open 30-40 restaurants in 2006. With strong growth in Ontario and Québec, there is a possibility that Boston Pizza will exceed 275 restaurants this year. BPI management believes that the organization can continue to deliver on the most important metric to Unitholders, namely SSSG. Through strong television and radio advertising, and national and local promotions, BPI management believes that the organization can deliver industry-leading SSSG. As part of the SSSG initiative, Boston Pizza will continue its unique renovation program that requires each location to renovate every seven years. For 2006, 20 renovations are planned and one restaurant will be relocated to an improved site. Historically SSSG for renovated locations has been, on average, 10-15% post renovation.

We remain confident that Boston Pizza will continue to enhance its position as Canada's Number One Casual Dining Brand.

Certain statements in this quarterly report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this quarterly report such statements are such words as "may", "will", "expect", "believe", "plan", and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this quarterly report. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition; changes in demographic trends; changing consumer preferences and discretionary spending patterns; changes in national and local business and economic conditions; legislation and governmental regulation; accounting policies and practices; and the results of operations and financial condition of BPI. The foregoing list of factors is not exhaustive.

The trustees of the Fund have approved the contents of this press release.

FOR FURTHER INFORMATION PLEASE CONTACT:

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BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Balance Sheets

December 31, 2005 and 2004

	2005	2004
		(change in basis of presentation - note 2(a))
Assets		
Current assets:		
Cash	\$ 1,415	\$ 1,356
Interest receivable from Boston Pizza International Inc. (note 4)	150,000	150,000
Distributions receivable	828,173	694,068
	<u>979,588</u>	<u>845,424</u>
Note receivable from Boston Pizza International Inc. (note 4)	24,000,000	24,000,000
Investment in Boston Pizza Royalties Limited Partnership (note 5)	77,100,557	62,798,866
	<u>\$ 102,080,145</u>	<u>\$ 87,644,290</u>

Liabilities and Unitholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 50	\$ 50
Distributions payable to fund unitholders	978,169	844,063
	<u>978,219</u>	<u>844,113</u>
Unitholders' equity:		
Fund units (note 6(a))	100,829,377	86,592,050
Retained earnings	272,549	208,127
	<u>101,101,926</u>	<u>86,800,177</u>
	<u>\$ 102,080,145</u>	<u>\$ 87,644,290</u>

Organization and nature of operations (note 1)

Contingency (note 8)

Subsequent events (note 10)

See accompanying notes to consolidated financial statements.

Approved by the Trustees:



John Cowperthwaite



William Brown



Robert Phillips

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statements of Earnings

Years ended December 31, 2005 and 2004

	2005	2004
		(change in basis of presentation - note 2(a))
Revenue (note 3):		
Equity income related to BPI royalties	\$ 9,665,871	\$ 7,875,678
Interest income	1,800,059	1,800,059
Net earnings	\$ 11,465,930	\$ 9,675,737
Weighted average units outstanding (note 6(b))	9,540,761	8,607,409
Basic and diluted earnings per Fund unit	\$ 1.20	\$ 1.13

Consolidated Statements of Retained Earnings

Years ended December 31, 2005 and 2004

	2005	2004
		(change in basis of presentation - note 2(a))
Retained earnings, beginning of year	\$ 208,127	\$ 194,480
Net earnings	11,465,930	9,675,737
Distributions declared	(11,401,508)	(9,662,090)
Retained earnings, end of year	\$ 272,549	\$ 208,127

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statements of Cash Flows

Years ended December 31, 2005 and 2004

	2005	2004
		(change in basis of presentation - note 2(a))
Cash provided by (used in):		
Operations:		
Net earnings	\$ 11,465,930	\$ 9,675,737
Equity income, an item not involving cash	(9,665,871)	(7,875,678)
Distributions received	9,601,508	7,862,090
	<u>11,401,567</u>	<u>9,662,149</u>
Financing:		
Distributions paid to unitholders	(11,401,508)	(9,662,090)
Increase in cash	59	59
Cash, beginning of year	1,356	1,297
Cash, end of year	<u>\$ 1,415</u>	<u>\$ 1,356</u>

Supplementary cash flow information (note 9)

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

1. Organization and nature of operations:

(a) Organization:

Boston Pizza Royalties Income Fund (the "Fund") is an unincorporated open-ended limited purpose trust established under the laws of the Province of British Columbia. Pursuant to the Declaration of Trust signed July 8, 2002, an amount equal to all of the income of the Fund together with the non-taxable portion of any net capital gain realized by the Fund will be distributed by the Fund to its unitholders each month. As a result, the Fund will not be liable for income taxes. Income tax obligations related to the distributions by the Fund are obligations of the unitholders.

The Fund was established to indirectly, through the Boston Pizza Royalties Limited Partnership (the "Partnership"), acquire the trademarks and trade names owned by Boston Pizza International Inc. ("BPI") and used in connection with the operation of Boston Pizza restaurants in Canada (collectively, the "BP Rights"). The BP Rights do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the Trademarks Act (Canada). The BP Rights also exclude certain restaurant locations in Canada, primarily those locations that were opened subsequent to the formation of the Fund and have not been rolled into the Royalty Pool of the Fund (note 10(b)).

The Fund was also established to acquire, directly from a bank, the BPI loan (the "BP Loan") in the principal amount of \$24 million.

(b) Nature of operations:

BPI carries on business as a franchisor of casual dining pizza and pasta restaurants and operates only in Canada. The rights to operations outside of Canada, which are owned by an affiliated company, and certain restaurants in Canada, as noted above, are not included in the Royalty Pool of the Fund.

Substantially all of the Fund's revenues are earned from certain operations of BPI and, accordingly, the revenues of the Fund and its ability to pay distributions to unitholders is dependent on the ongoing ability of BPI to generate and pay royalties to the Fund.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

2. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements include the accounts of the Fund, its wholly-owned subsidiary Boston Pizza Holdings Trust (the "Trust"), and its 80%-owned subsidiary Boston Pizza GP Inc. ("BPGP") (collectively the "Companies" or "Fund"). BPGP is the managing general partner and BPI is a general partner of the Partnership. All residual ownership of BPGP is either directly or indirectly controlled by BPI.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

All significant intercompany transactions have been eliminated.

In June 2003, the CICA issued Accounting Guideline 15, "*Consolidation of Variable Interest Entities*" ("AcG-15"), requiring the consolidation of variable interest entities ("VIEs"). A VIE is an type of legal structure in which consolidation is required due to contractual or other financial arrangements, as opposed to traditional voting rights, if certain conditions exist. AcG-15 is effective for the Fund starting January 1, 2005 with retroactive application to its comparative results for the prior year.

Boston Pizza Royalties Limited Partnership (the "Partnership") is considered to be a VIE and Boston Pizza International Inc. ("BPI") is a primary beneficiary of the Partnership accordingly, BPI is now required to consolidate the Partnership. In the past, the Partnership was consolidated with the Fund based on its voting rights. The Partnership has been established to acquire and hold the Boston Pizza trademarks and trade names which were previously owned by BPI and used in connection with the operation of Boston Pizza restaurants in Canada (collectively the "BP Rights"). The Partnership, and BPI also entered into a License and Royalty agreement to allow BPI the use of BP Rights for a term of 99 years, for which BPI pays 4% of the Franchise Revenues (as defined) of certain restaurants located in Canada (the "Royalty Pool").

The following changes to the consolidated carrying values of the assets and liabilities of the Fund and the results of its operations have arisen as a result of changing the Fund's method of accounting for the Partnership to the equity basis from the consolidation basis. The application of the equity method has resulted in the inclusion of the Partnership's assets and liabilities as a one line item on the balance sheet, and results of the Partnership's operations as one line item on the statement of earnings. Previously, under the consolidation method, the assets, liabilities and operations of the Partnership were consolidated with those of the Fund in the Fund's financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

	2005	2004
Balance Sheet:		
Changes in assets:		
Decrease in working capital	\$ 1,941,458	\$ 140,920
Decrease in intangible assets (BP Rights)	138,138,545	122,904,145
Decrease in deferred financing charges	6,550	28,250
Increase in investment in Partnership	77,100,557	62,798,866
	<u>\$ 62,985,996</u>	<u>\$ 60,274,449</u>
Changes in liabilities and unitholders' equity:		
Decrease in term loan	\$ 5,000,000	\$ 5,000,000
Decrease in non-controlling interest	24,150,000	24,000,000
Decrease in Unitholders' equity	33,835,996	31,274,449
	<u>\$ 62,985,996</u>	<u>\$ 60,274,449</u>

Earnings per Fund unit:

Earnings per Fund unit are unchanged as a result of this accounting change.

During the fourth quarter of the year ended December 31, 2004, the Fund adopted the Canadian Institute of Chartered Accountants recommendations of the Emerging Issues Committee (EIC 151) relating to the presentation of exchangeable securities issued by subsidiaries of income funds. The adoption of EIC 151 during the fourth quarter of 2004 resulted in the inclusion of certain exchangeable shares of the Partnership as part of the Fund's unitholders' equity together with the inclusion of earnings attributable to these interests. As a result of the application of AcG-15, the Partnership is no longer considered, for accounting purposes, to be a subsidiary of the Fund.

The change in accounting for the Fund's investment in Partnership and changes resulting from the application of AcG-15 has not resulted in any change to basic or fully diluted earnings per Fund unit since exchangeable Partnership units and earnings related to these units are no longer included in the Fund's financial statements.

(b) Revenue recognition:

Interest revenue is recognized and accrued when earned.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

2. Significant accounting policies (continued):

(c) Investment in Boston Pizza Royalties Limited Partnership:

The investment in the Partnership is accounted for using the equity method. Under the equity method, the original cost of the investment is adjusted for the Fund's share of post-acquisition earnings or losses and is reduced for distributions or advances received. The statement of earnings includes the Fund's share of the Partnership's earnings or losses for the year. The investment in the Partnership is also adjusted to record the fair value of Fund units issued by the Fund in exchange for Partnership units held by BPI.

(d) Distributions:

The amount of cash to be distributed to Fund unitholders is determined with reference to net earnings adjusted for amortization, other non-cash charges and interest on the term loan. Distributions to Fund unitholders are recorded when declared, made monthly and are subject to the Fund retaining such reasonable working capital reserves as may be considered appropriate by the trustees of the Fund.

(e) Earnings per Fund unit:

The earnings per Fund unit are based on the weighted average number of Fund units outstanding during the period.

(f) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment in the value of investments and provisions for contingencies. Actual results could differ from those estimates.

(g) Financial instruments:

The Fund's financial instruments consist of cash, accounts receivable, note receivable from Boston Pizza International Inc., accounts payable and accrued liabilities, and distributions payable. Management estimates that the fair values of these financial instruments approximate their carrying values. It is management's opinion that the Fund is not exposed to significant interest rate or credit risk from these financial instruments. Due to the interrelationship between the note receivable from BPI and the Class C Partnership units held by BPI (described in note 4), the fair value of the note cannot be reasonably estimated.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

3. Operations:

(a) Equity and interest income earned by the Fund has been derived as follows:

	2005	2004
(in thousands of dollars, except number of restaurants in the Royalty Pool)		
Restaurants in the Royalty Pool	195	177
Franchise revenue reported by restaurants in the Royalty Pool	\$ 393,212	\$ 329,893
Royalty income – 4% of Franchise revenue	\$ 15,728	\$ 13,196
Partnership administrative and interest expenses	891	733
Partnership earnings for the period before undernoted BPI's interest	14,837 (5,171)	12,463 (4,587)
Equity income related to BPI royalties earned by Fund	9,666	7,876
Interest income	1,800	1,800
Net earnings	\$ 11,466	\$ 9,676

(b) On January 1 of each year, the number of restaurants in the Royalty Pool on which BPI pays a royalty to the Fund are adjusted to include franchise revenue from new Boston Pizza restaurants opened less franchise revenue from any Boston Pizza restaurants that have permanently closed during the year. Effective January 1, 2006, restaurants opened on or before December 31 of the prior year are added to the Royalty Pool. The 2006 additions include all restaurants opened between November 2, 2004 and December 31, 2005 (2004 – November 2, 2003 and November 1, 2004) (note10(b)). In return for adding this net franchise revenue to the Royalty Pool, BPI receives the right to indirectly acquire additional Fund units (the "Additional Entitlement"). The Additional Entitlement is calculated as 92.5% of the royalty revenue added to the Royalty Pool, divided by the yield of the Fund Units. BPI initially receives 80% of the Additional Entitlement with the balance received when the actual full year performance of the new restaurants is known with certainty.

On January 1, 2005, 18 (2004 - 15) new Boston Pizza restaurants opened during the period from November 2, 2003 to November 1, 2004, and were added to the Royalty Pool. The Franchise revenue of these 18 new restaurants was been estimated at \$38.9 million. The total number of restaurants in the Royalty Pool increased to 195. The yield of the Fund units was determined to be 7.58% calculated using a weighted average unit price of \$14.69. As a result of the contribution of the additional net sales to the Royalty Pool, and assuming 100% of the Additional Entitlement, BPI's Additional Entitlement is equivalent to 1,292,182 (2004 - 922,932) Fund units. BPI also received a proportionate increase in monthly distributions from the Partnership. Of the Additional Entitlement, 20% (2005 - 258,436 units; 2004 - 184,587 units), remain unissued and are not eligible for conversion to Fund units until January 1, 2006 (2004 units - January 1, 2005) based on the actual performance of the new stores.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

3. Operations (continued):

(c) On January 1, 2005, adjustments to royalty payments and Additional Entitlement were made based on the actual performance of fifteen restaurants added to the Royalty Pool on January 1, 2004. Based on these adjustments, BPI received its pro rata portion of the remaining Additional Entitlement, 161,463 Fund units. BPI also repaid an amount of \$25,747 for monthly distributions to the Partnership.

(d) On February 22, 2005, BPI exchanged 566,616 Class A and 13,859,268 Class B Partnership units for 956,167 Fund units. These Fund units were recorded at the market price of the units at the date of issue, being \$14.89 per unit. BPI then sold these Fund units to the public. As of December 31, 2005, there were 9,684,841 (December 31, 2004 – 8,728,674) Fund units issued and BPI had a 20% (2004 – 20%) indirect interest in the Fund.

BPI has committed to maintain a minimum of 20% indirect interest in the Fund until there are 275 restaurants in the Royalty Pool.

4. Note receivable from Boston Pizza International Inc.:

	2005	2004
Note receivable with interest payable monthly at 7.5% per annum, due July 17, 2042	\$ 24,000,000	\$ 24,000,000

The note arose at the time of the acquisition of the trademarks and trade names from BPI in July 2002 and is secured by a general security agreement. The note may not be assigned without the prior consent of BPI.

BPI, as the holder of 2,400,000 Class C Partnership units, has the right to transfer such Class C Partnership units to the Trust in consideration for the assumption by the Trust of, and the concurrent release of BPI of its obligations with respect to, an amount of the indebtedness under the BP loan equal to \$10.00 for each Class C Partnership unit transferred.

5. Investment in Boston Pizza Royalties Limited Partnership:

Balance as at December 31, 2003	\$ 54,890,846
Acquisition of additional Partnership units by issuing Fund units	7,894,433
Equity income	7,875,677
Distributions received from the Partnership	(7,862,090)
Balance as at December 31, 2004	62,798,866
Acquisition of additional Partnership units by issuing Fund units	14,237,327
Equity income	9,665,871
Distributions received from the Partnership	(9,601,507)
Balance as at December 31, 2005	\$ 77,100,557

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

6. Fund units:

- (a) The Declaration of Trust of the Fund provides that an unlimited number of Fund units may be issued. Each Fund unit is transferable and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund. All units have equal rights and privileges. Each Fund unit entitles the holder thereof to participate equally in the allocations and distributions and to one vote at all meetings of Fund unitholders for each whole Fund unit held. The Fund units issued are not subject to future calls or assessments.

Pursuant to the Declaration of Trust, the holders, other than the Fund or its subsidiaries, of the Class A Partnership units and Class B Partnership units are entitled to vote in all votes of Fund unitholders as if they were holders of the number of Fund units they would receive if Class A Partnership units and Class B Partnership units were exchanged into Fund units as at the record date of such votes, and will be treated in all respects as Fund unitholders for the purpose of any such votes.

Fund units are redeemable at any time at the option of the holder at a price based on market value as defined in the trust agreement, subject to a maximum of \$50,000 in cash redemptions by the Fund in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemption in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of distribution in specie of a pro rata number of securities of the Trust held by the Fund.

- (b) Weighted average units outstanding:

	2005	2004
Fund units	9,540,761	8,607,409

- (c) Exchangeable units of the Partnership:

	2005	2004
Class A Partnership units (i)	-	566,616
Class B Partnership units (ii)	2,679,647	1,800,139
	2,679,647	2,366,755

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

6. Fund units (continued):

(c) Exchangeable units of the Partnership (continued):

(i) Class A Partnership units:

BPI has the right to exchange each Class A Partnership unit it holds for one unit of the Fund ("Units") by delivering such Class A Partnership units to the Trust. Class A Partnership units carry voting rights equal to the number of units into which such Class A Partnership units are exchangeable at the time. Subject to the prior rights of the holders of the Class C Partnership units, the holders of the Class A Partnership units are entitled to receive a cumulative preferential cash distribution in an amount equal to the total distribution in respect of Class C Partnership units multiplied by the number of issued Class A Partnership units divided by the number of issued Partnership units. Class A Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

(ii) Class B Partnership units:

BPI has the right to exchange each Class B Partnership unit it holds for a number of Fund Units based, at any time, on a defined calculation which is based in part on the net franchise revenues from restaurants opened subsequent to July 17, 2002 ("Equivalent units"). Class B Partnership units held by BPI carry voting rights equivalent to the number of units into which such Class B Partnership units are exchangeable at that time. Subject to the prior rights of the holders of Class C Partnership units, the holders of the Class B Partnership units are entitled to receive a cumulative preferential cash distribution equal to the distribution on Class C Partnership units multiplied by the number of Class B Partnership units issued, multiplied by a defined ratio which is based in part on the net franchise revenues from restaurants opened subsequent to July 17, 2002, and divided by the number of issued LP units. Class B Partnership units are also entitled to a pro rata share of residual distributions of the Partnership.

As described in note 3(b), on January 1, 2005, Class B Partnership units received Additional Entitlement (note 3(b)) equivalent to 1,292,182 units (2004 – 922,932 units), upon adding new stores to the Royalty Pool.

7. Related party transactions:

The Fund has engaged BPI to provide certain administrative services on behalf of the Fund. These services were provided by BPI for no charge.

BPI is a related party by virtue of holding certain Partnership units.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

8. Contingency:

Boston Pizza International Inc. ("BPI") and the Fund are involved in trademark litigation with entities affiliated with McDonald's Restaurant of Canada (the "McDonalds' Group"), opposing the registration by the McDonald's Group in Canada of the Boston Market trademark. Management of BPI believes that there is a likelihood that the trademark will not be registered. Additionally, BPI and the Fund have commenced an action against the McDonald's Group to prevent them from infringing BPI's and the Fund's respective interests in the Boston Pizza trademarks by operating Boston Market in Canada. The McDonald's Group has filed a counterclaim and a separate action challenging the validity of the registered trademark "Boston Pizza" and related trademarks under the *Trade-Marks Act* (Canada). Management does not believe that this action will succeed. However, in the event that the challenge to the Boston Pizza trademarks is successful, the Fund would lose the benefits of registration of its trademarks under the *Trade-Marks Act* (Canada), which may mean losing the ability to prevent others from using the registered trademarks for the goods and services for which they are registered and to prevent others from using similar or confusing trademarks or names. However, the loss of the registration under the *Trade-Marks Act* (Canada), would not prevent the Fund from continuing to license and use the "Boston Pizza" and related trademarks in the existing operations and geographic territories where they are presently used and from taking other measures to protect their rights in respect of, and their ability to use, the "Boston Pizza" and related trademarks, in new areas where BPI and its sub-licensees do not presently operate Boston Pizza restaurants.

9. Supplementary cash flow information:

	2005	2004
Supplementary information:		
Interest received	\$ 1,800,059	\$ 1,800,059
Non-cash financing and investing activities:		
Acquisition of additional Partnership units by issuing Fund units	14,237,327	7,894,433

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to Consolidated Financial Statements

Years ended December 31, 2005 and 2004

10. Subsequent events:

- (a) On January 1, 2006, adjustments to royalty payments and Additional Entitlement were made based on the actual performance of eighteen restaurants added to the Royalty Pool on January 1, 2005. Based on these adjustments, BPI will receive its pro rata portion of the remaining Additional Entitlement, 115,977 Fund units. BPI will also repay an amount of \$169,071 for monthly distributions to the Partnership.
- (b) On January 1, 2006, 31 new Boston Pizza restaurants opened during the period from November 2, 2004 to December 31, 2005 were added to the Royalty Pool. The Franchise revenue of these 31 new restaurants has been estimated at \$61.1 million. The total number of restaurants in the Royalty Pool has increased to 226. The yield of the Fund units was determined to be 7.61% calculated using a weighted average unit price of \$15.59. Weighted average unit price is calculated based on the market price of the unit traded on the TSX Stock Exchange during the period of twenty consecutive days ending on the fifth trading day before January 1, 2006. As a result of the contribution of the additional net sales to the Royalty Pool, and assuming 100% of the Additional Entitlement, BPI Additional Entitlement is equivalent to 1,904,808 (2004 – 1,292,182) Fund units. BPI will also receive a proportionate increase in monthly distributions from the Partnership. Of the Additional Entitlement, 20% (2006 – 380,962 units; 2005 – 258,436 units), remain unissued and are not eligible for conversion to Fund units until January 1, 2007 (2005 units – January 1, 2006) based on the actual performance of the new stores.