



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES RECORDS FOR  
FRANCHISE SALES OF \$193.8 MILLION FOR THE SECOND QUARTER AND \$380.2 MILLION YTD**

***Record top line results driven by strong SSSG of 3.6% for the second quarter and 3.4% YTD***

Highlights

- Highest ever quarterly Franchise Sales<sup>1</sup> from royalty pool restaurants of \$193.8 million.
- Strong same store sales growth of 3.6% for the Period and 3.4% YTD.
- Distributable Cash<sup>2</sup> per Unit increases by 7.5% for the Period and 4.2% YTD versus the same periods, respectively, in 2012.
- Trustees declare July distribution to unitholders of 10.2 cents per Unit.
- During the Period, Boston Pizza opened its 350<sup>th</sup> location in Canada.

VANCOUVER, BC, August 8, 2013 - Boston Pizza Royalties Income Fund (the “Fund”) and Boston Pizza International Inc. (“BPI”) reported financial results today for the second quarter period from April 1, 2013 to June 30, 2013 (the “Period”) and for the year-to-date period from January 1, 2013 to June 30, 2013 (“YTD”). A copy of this press release, the consolidated interim financial statements for the Period and related Management’s Discussion and Analysis of the Fund and BPI are available at [www.sedar.com](http://www.sedar.com) and [www.bpincomefund.com](http://www.bpincomefund.com). The Fund will host a conference call to discuss the results on August 8, 2013 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time). The call can be accessed by dialling 1-800-319-4610 or 604-638-5340. A replay will be available until September 7, 2013 by dialling 1-800-319-6413 or 604-638-9010 and entering the pin code: 4452 followed by the # sign.

Same store sales growth (“SSSG”), a key driver of distribution growth for unitholders of the Fund, was 3.6% for the Period and 3.4% YTD compared to 2.9% and 5.1%, respectively, for the same periods in 2012. Franchise Sales<sup>1</sup>, the basis upon which royalties are paid by BPI to the Fund, exclude revenue from the sale of liquor, beer, wine and tobacco and approved national promotions and discounts. On a Franchise Sales<sup>1</sup> basis, SSSG was 4.1% for the Period and 3.8% YTD compared to 3.1% and 4.9%, respectively, for the same periods in 2012. The positive SSSG in the Period and YTD were principally due to higher take-out and delivery sales resulting from continued promotion of Boston Pizza’s online ordering system and menu re-pricing. The positive SSSG results YTD were achieved in spite of several challenges including the strong SSSG figure posted in the same period one year ago, the one less day in the period compared to 2012 due to the leap year in 2012 and the poor weather experienced in many parts of Canada YTD. Franchise Sales<sup>1</sup> of restaurants in the royalty pool were all-time records of \$193.8 million for the Period and \$380.2 million YTD compared to \$183.6 million and \$360.2 million YTD in the same periods, respectively, in 2012. The increases in Franchise Sales<sup>1</sup> for the Period and YTD are attributed to the positive SSSG and the addition of five net new restaurants to the Fund’s royalty pool on January 1, 2013.

“We are very pleased with the record sales results achieved by Boston Pizza for the second quarter and year-to-date periods in 2013,” said Mark Pacinda, President and CEO of BPI. “Several key initiatives in the second quarter contributed to our continued success including the launch of the revolutionary Pizzaburger and new rib menu items, two more humorous and effective national advertising campaigns and the opening of our 350th restaurant location in Canada which took place on May 6th in Devon, Alberta.”

The Fund’s net income was \$4.0 million for the Period and \$3.3 million YTD compared to net income of \$6.2 million and a net loss of \$0.7 million in the same periods, respectively, in 2012. The \$4.0 million increase in net income YTD was driven mainly by the \$3.3 million difference in fair value adjustments on the class B general partner units of Boston Pizza Royalties Limited Partnership (the “Class B Unit liability”) and interest rate swaps partially offset by a \$0.8 million increase in revenues. The Fund’s net income under International Financial Reporting Standards (“IFRS”) contains non-cash items, such as the fair value adjustments on the Class B Unit liability and interest rate swaps, that do not affect the Fund’s business operations or its ability to pay distributions to unitholders. In the

Fund's view, net income is not the only or most meaningful measurement of the Fund's ability to pay distributions. Consequently, the Fund reports the non-IFRS metrics of Distributable Cash<sup>2</sup> and Payout Ratio<sup>3</sup> to provide investors with more meaningful information regarding the amount of cash that the Fund has generated to pay distributions. Readers are cautioned that Distributable Cash<sup>2</sup> and Payout Ratio<sup>3</sup> are non-IFRS financial measures that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. For a reconciliation between cash flow from operating activities (the most directly comparable IFRS measure) and Distributable Cash<sup>2</sup> and a detailed discussion on the Fund's Distributable Cash<sup>2</sup> and Payout Ratio<sup>3</sup>, please see the "Operating Results – Distributable Cash / Payout Ratio" section in the Fund's Management's Discussion and Analysis for the Period.

The Fund's Distributable Cash<sup>2</sup> was \$4.8 million or \$0.315 per unit of the Fund ("Unit") for the Period and \$9.2 million or \$0.592 per Unit YTD compared to \$4.3 million or \$0.293 per Unit and \$8.3 million or \$0.568 per Unit for the same periods, respectively, in 2012. This represents increases to Distributable Cash<sup>2</sup> of 13.1% and 10.6%, respectively, compared to the same periods one year ago. The increases in Distributable Cash<sup>2</sup> were attributed to higher royalty revenue in the Period and YTD compared to the same period one year ago and BPI's exchange of class B general partner units of Boston Pizza Royalties Limited Partnership into 1,000,000 Fund Units in November 2012. The increases in Distributable Cash<sup>2</sup> on a per Unit basis of 7.5% and 4.2%, respectively, were attributed to higher royalty revenue. Distributions for the Period were funded entirely by cash flow from operations. No debt was incurred at any point during the Period or YTD to fund distributions.

The Fund's Payout Ratio<sup>3</sup> was 96.6% for the Period and 102.3% YTD compared to 100.2% and 102.5%, respectively, in the same periods one year ago. The Fund's Payout Ratio<sup>3</sup> for the Period decreased compared to the same period one year ago due to the increase in distributable cash exceeding the increase in distributions payable. The Fund strives to provide unitholders with regular monthly distributions, and as a result, the Fund will generally experience seasonal fluctuations in its Payout Ratio<sup>3</sup>. On a trailing 12-month basis, the Fund's Payout Ratio<sup>3</sup> was 99.4% as at June 30, 2013. The Fund's Payout Ratio<sup>3</sup> is likely to be higher in the first and fourth quarters compared to the second and third quarters since Boston Pizza restaurants experience higher Franchise Sales<sup>1</sup> during the summer months when restaurants open their patios and benefit from increased tourist traffic. Higher Franchise Sales<sup>1</sup> generally results in increases in Distributable Cash<sup>2</sup>. A key feature of the Fund is that it is a "top line" structure, in which BPI pays the Fund a royalty equal to 4% of Franchise Sales<sup>1</sup> from restaurants in the Fund's royalty pool. Accordingly, Fund unitholders are not directly exposed to changes in the operating costs or profitability of BPI or of individual Boston Pizza restaurants. Given this structure, and that the Fund has no current mandate to retain capital for other purposes, it is expected that the Fund will maintain a Payout Ratio<sup>3</sup> close to 100% over time as the trustees of the Fund continue to distribute all available cash in order to maximize returns to unitholders. As the Payout Ratio<sup>3</sup> is calculated from a formula which includes Distributable Cash<sup>2</sup>, which is a non-IFRS measure, a reconciliation of Payout Ratio<sup>3</sup> to an IFRS measure is not possible.

The trustees of the Fund announced a cash distribution to unitholders of 10.2 cents per Unit for July 2013. The distribution will be payable to unitholders of record at the close of business on August 21, 2013 and will be paid on August 30, 2013. The Fund periodically reviews distribution levels based on its policy of stable and sustainable distribution flow to unitholders. Since the Fund's initial public offering in 2002, unitholders have received 16 distribution increases. The most recent distribution increase of 4.1% was effective for the February 2013 distribution payable in March 2013 and increased the monthly distribution amount from 9.8 cents per Unit to 10.2 cents per Unit. Including the July 2013 distribution, which will be paid in August 2013, the Fund will have paid out 133 consecutive monthly distributions totalling \$168.5 million or \$13.49 per Unit.

## FINANCIAL SUMMARY

The tables below sets out selected information from the consolidated interim financial statements of the Fund together with other data and should be read in conjunction with the consolidated interim financial statements of the Fund for the Period and in conjunction with the consolidated financial statements for the twelve month period ended December 31, 2012.

	Q2 2013	Q2 2012	YTD 2013	YTD 2012
(in thousands of dollars – except restaurants, SSSG, Payout Ratio <sup>3</sup> and per Unit items)				
System-wide Gross Sales <sup>4</sup>	250,398	237,955	486,722	464,020
Number of restaurants in Royalty Pool <sup>5</sup>	347	341	347	341
Franchise Sales <sup>1</sup> reported by restaurants in the Royalty Pool	193,830	183,593	380,168	360,174
<b>Revenues</b>				
Royalty revenue – 4% of Franchise Sales <sup>1</sup>	7,753	7,344	15,207	14,407
Interest income	452	453	905	908
Total revenues	8,205	7,797	16,112	15,315
<b>Expenses</b>				
Administrative expenses and interest on bank debt	(510)	(512)	(987)	(989)
Interest expense on Class B Units and Class C Units <sup>6</sup>	(1,365)	(1,628)	(2,263)	(2,689)
Fair value adjustment on Class B Unit liability <sup>7</sup>	(1,144)	1,953	(6,856)	(9,610)
Fair value adjustment on interest rate swap	650	-	561	-
Subtotal	(2,369)	(187)	(9,545)	(13,288)
Current income tax expense	(1,606)	(1,351)	(3,069)	(2,652)
Deferred income tax expense	(210)	(70)	(230)	(90)
Total expenses	(4,185)	(1,608)	(12,844)	(16,030)
<b>Net Income (loss)</b>				
Net income (loss)	4,020	6,189	3,268	(715)
Basic loss per Unit	0.26	0.42	0.21	(0.05)
Diluted loss per Unit	0.26	0.24	0.21	(0.05)
<b>Distributable Cash<sup>2</sup> / Distributions / Payout Ratio<sup>3</sup></b>				
Cash flows from operating activities	6,572	6,188	12,387	6,522
Class C distributions to BPI	(450)	(450)	(900)	(900)
BPI Class B entitlement	(915)	(1,178)	(1,818)	(2,332)
Interest paid on long-term debt	(216)	(285)	(429)	(542)
SIFT tax on Units <sup>8</sup>	(156)	(1)	(89)	5,523
Distributable Cash <sup>2</sup>	4,835	4,274	9,151	8,271
Distributions payable <sup>9</sup>	4,673	4,284	9,365	8,480
Payout Ratio <sup>3</sup>	96.6%	100.2%	102.3%	102.5%
Distributable Cash per Unit <sup>2</sup>	0.315	0.293	0.592	0.568
Distributions payable per Unit <sup>9</sup>	0.306	0.294	0.608	0.582
<b>Other</b>				
Same store sales growth	3.6%	2.9%	3.4%	5.1%
Number of restaurants opened during the period	4	0	4	2
Number of restaurants closed during the period	1	1	1	2
		Jun 30, 2013		Dec 31, 2012
Total assets		269,399		264,632
Total liabilities		116,698		99,353

	Q2 2013	Q1 2013	Q4 2012	Q3 2012
(in thousands of dollars – except restaurants, Payout Ratio <sup>3</sup> and per Unit items)				
System-wide Gross Sales <sup>4</sup>	250,398	236,324	239,764	239,269
Number of restaurants in Royalty Pool <sup>5</sup>	347	348	341	341
Franchise Sales <sup>1</sup> reported by restaurants in the Royalty Pool	193,830	186,338	185,197	186,084
<u>Revenues</u>				
Royalty revenue – 4% of Franchise Sales	7,753	7,454	7,408	7,443
Interest income	452	453	453	453
Total revenues	8,205	7,907	7,861	7,896
<u>Expenses</u>				
Administrative expenses and interest on bank debt	(510)	(477)	(462)	(616)
Interest on Class B Units and Class C Units <sup>6</sup>	(1,365)	(898)	(1,978)	(1,628)
Fair value adjustment on Class B Unit liability <sup>7</sup>	(1,144)	(5,712)	633	(5,890)
Fair value adjustment on interest rate swap	650	(89)	69	67
Subtotal	(2,369)	(7,176)	(1,738)	(8,067)
Current income tax expense	(1,606)	(1,463)	(1,421)	(1,350)
Deferred income tax expense	(210)	(20)	(360)	(60)
Total expenses	(4,185)	(8,659)	(3,519)	(9,477)
<u>Net Income (loss)</u>				
Net income (loss)	4,020	(752)	4,342	(1,581)
Basic earnings (loss) per Unit	0.26	(0.05)	0.29	(0.11)
Diluted earnings (loss) per Unit	0.26	(0.05)	0.23	(0.11)
<u>Distributable Cash<sup>2</sup> / Distributions / Payout Ratio<sup>3</sup></u>				
Cash flows from operating activities	6,572	5,815	6,221	6,319
Class C distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B entitlement	(915)	(903)	(986)	(1,211)
Interest paid on long-term debt	(216)	(213)	(215)	(130)
SIFT tax on Units <sup>5</sup>	(156)	67	(31)	-
Distributable cash <sup>2</sup>	4,835	4,316	4,539	4,528
Distributions payable <sup>9</sup>	4,673	4,692	4,480	4,284
Payout Ratio <sup>3</sup>	96.6%	108.7%	98.7%	94.6%
Distributable cash per Unit <sup>2</sup>	0.315	0.277	0.303	0.311
Distributions payable per Unit <sup>9</sup>	0.306	0.302	0.294	0.294

	Q2 2012	Q1 2011	Q4 2011	Q3 2011
(in thousands of dollars – except restaurants, Payout Ratio <sup>3</sup> and per Unit items)				
System-wide Gross Sales <sup>4</sup>	237,955	226,065	232,713	235,911
Number of restaurants in Royalty Pool <sup>5</sup>	341	342	336	336
Franchise Sales <sup>1</sup> reported by restaurants in the Royalty Pool	183,593	176,581	177,465	183,163
<u>Revenues</u>				
Royalty revenue – 4% of Franchise Sales	7,344	7,063	7,098	7,327
Interest income	453	455	454	454
Total revenues	7,797	7,518	7,552	7,781
<u>Expenses</u>				
Administrative expenses and interest on bank debt	(512)	(477)	(432)	(449)
Interest expense on Class B Units and Class C Units <sup>6</sup>	(1,628)	(1,061)	(2,042)	(1,447)
Fair value adjustment on Class B Unit liability <sup>7</sup>	1,953	(11,563)	(3,308)	1,148
Subtotal	(187)	(13,101)	(5,782)	(748)
Current income tax expense	(1,351)	(1,301)	(1,396)	(1,449)
Deferred income tax expense	(70)	(20)	(70)	(100)
Total expenses	(1,608)	(14,422)	(7,248)	(2,297)
<u>Net Income (loss)</u>				
Net income (loss)	6,189	(6,904)	304	5,484
Basic earnings (loss) per Unit	(0.42)	(0.47)	0.02	0.38
Diluted earnings (loss) per Unit	(0.42)	(0.47)	0.02	0.24
<u>Distributable Cash<sup>2</sup> / Distributions / Payout Ratio<sup>3</sup></u>				
Cash flows from operating activities	6,188	334	7,271	7,440
Class C distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B entitlement	(1,178)	(1,154)	(1,099)	(1,077)
Interest paid on long-term debt	(285)	(257)	(234)	(174)
SIFT tax on Units <sup>8</sup>	(1)	(5,524)	(1,396)	(1,449)
Distributable cash <sup>2</sup>	4,274	3,997	4,092	4,290
Distributions payable <sup>9</sup>	4,284	4,196	4,021	4,021
Payout Ratio <sup>3</sup>	100.2%	105.0%	98.3%	93.7%
Distributable cash per Unit <sup>2</sup>	0.293	0.274	0.281	0.294
Distributions payable per Unit <sup>9</sup>	0.294	0.288	0.276	0.276

## OUTLOOK

The Canadian Restaurant and Foodservices Association has forecast average annual sales growth of 3.5% for the Canadian full-service restaurant sector in 2013. BPI's management believes that Boston Pizza is well positioned to continue outperforming this overall sales growth rate by maintaining positive SSSG and continuing to open new Boston Pizza locations across Canada.

The two principal factors that affect SSSG are changes in customer traffic and changes in average guest cheque. BPI's strategies to drive higher guest traffic include attracting a wide variety of guests into the restaurant, sports bar and take-out/delivery parts of each location, offering a compelling value proposition to our guests and leveraging a larger marketing budget versus the previous year along with a revised calendar of national and local store promotions. Increased average cheque levels are expected to be achieved through a combination of culinary innovation and annual menu re-pricing. In addition, BPI's franchise agreement requires that each Boston Pizza restaurant undergo a complete store renovation every seven years. Restaurants typically close for two to three weeks to complete the renovation and experience an incremental sales increase in the year following the re-opening.

Boston Pizza remains well positioned for future expansion as evidenced by the five new Boston Pizza restaurants that have opened so far 2013 and the three additional locations that are currently under construction. BPI's management believe that Boston Pizza will continue to strengthen its position as the number one casual dining brand in Canada by pursuing further restaurant development opportunities across the country.

Certain information in this press release may constitute "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Fund, Boston Pizza Holdings Trust, the Partnership, Boston Pizza Holdings Limited Partnership, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPI, Boston Pizza restaurants, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this press release. Except as required by law, the Fund and BPI assume no obligation to update previously disclosed forward-looking information.

For a complete list of the risks associated with forward-looking information and our business, please refer to the "Risks and Uncertainties" and "Note Regarding Forward-Looking Information" sections included in the Fund's most recent Management's Discussion and Analysis for the Period available at [www.sedar.com](http://www.sedar.com) and [www.bpincomefund.com](http://www.bpincomefund.com). The trustees of the Fund have approved the contents of this press release.

### FOR FURTHER INFORMATION PLEASE CONTACT:

Jordan Holm  
Vice President of Investor Relations  
Tel: 604-303-6083  
E-mail: [investorrelations@bostonpizza.com](mailto:investorrelations@bostonpizza.com)  
[www.bpincomefund.com](http://www.bpincomefund.com)

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1 Franchise sales is the basis on which the royalty is payable; it means the revenues of Boston Pizza restaurants in respect of which the royalty is payable ("**Franchise Sales**"). The term "revenue" refers to the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI; and (ii) reported to BPI by franchised Boston Pizza restaurants in Canada, without audit or other form of independent assurance, and in the case of both (i) and (ii), after deducting revenue from the sale of liquor, beer, wine and tobacco and revenue from BPI approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BPI periodically conducts audits of the Franchise Sales reported to it by its franchisees, and the Franchise Sales reported herein include results from sales audits of earlier periods.

2 Distributable Cash (as defined herein) is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This non-IFRS financial measure provides useful information to investors regarding the amount of cash the Fund has generated for distribution on the Units. Investors are cautioned that this should not be construed as an alternative net income measure of profitability. The related tables in the Fund's Management Discussion and Analysis for the Period provide a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure.

3 Payout Ratio (as defined herein) is calculated by dividing the interest / distributions payable by the Fund in respect of the applicable period by the Distributable Cash<sup>2</sup> generated in that period. Payout Ratio is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. This non-IFRS financial measure provides investors with useful information regarding the extent to which the Fund distributes cash on the Units. Investors are cautioned that this should not be construed as an alternative net income measure of profitability.

4 System-wide gross sales means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI; and (ii) reported to BPI by franchised Boston Pizza restaurants in Canada, without audit or other form of independent assurance, and in the case of both (i) and (ii), including revenue from the sale of liquor, beer, wine and tobacco and revenue from BPI approved national promotions and discounts and excluding applicable sales and similar taxes ("**System-wide Gross Sales**").

5 Number of restaurants in the Royalty Pool excludes restaurants that permanently closed during the applicable period.

6 The Class B general partner units of the Partnership (the "**Class B Units**") and the Class C general partner units of the Partnership (the "**Class C Units**") are classified as financial liabilities under IFRS, and as such, amounts paid by the Partnership to BPI in respect of the Class B Units and Class C Units are classified as interest expense and not distributions.

7 The Fund is required under IFRS to fair value the Class B Unit liability at the end of each period and adjust for any increase or decrease in the fair value of that liability as compared to the fair value of that liability at the end of the immediately preceding period. This adjustment has no impact on the Fund's Distributable Cash<sup>2</sup>.

8 Specified Investment Flow through tax ("**SIFT Tax**") on Units is the SIFT Tax expense for the respective period (as a negative number) plus the amount of SIFT Tax paid in the respective period.

9 Under the declaration of trust governing the Fund, the Fund pays distributions on the Units in respect of any particular calendar month not later than the last business day of the immediately subsequent month. Accordingly, distributions on the Units in respect of the calendar month of January are paid no later than the last business day of February, distributions on the Units in respect of the calendar month of February are paid no later than the last business day of March and so forth. Consequently, distributions payable by the Fund on the Units in respect of the Period (as defined herein) were the April 2013 distribution (which was paid on May 31, 2013), the May 2013 distribution (which was paid on June 28, 2013) and the June 2013 distribution (which was paid on July 31, 2013). Similarly, the distributions payable by the Fund on the Units in respect of any other period are the distributions paid in the immediately subsequent month of each month comprising such other period.