



For Immediate Release

The Toronto Stock Exchange: BPF.UN

BOSTON PIZZA ROYALTIES INCOME FUND & BOSTON PIZZA INTERNATIONAL INC.
ANNOUNCE 2006 SECOND QUARTER RESULTS AND DISTRIBUTION INCREASE

Monthly Distribution Rises Again on Strong Sales Growth

VANCOUVER, BC, (August 9, 2006) - Boston Pizza Royalties Income Fund (the "Fund") and Boston Pizza International Inc. ("BPI") each reported financial results today for the fiscal period from April 1, 2006 to June 30, 2006 (the "Period") and the year-to-date results from January 1, 2006 to June 30, 2006 ("Year-to-date"). A copy of the combined 2006 second quarter report is available at www.sedar.com and www.bpincomefund.com.

Same Store Sales Growth ("SSSG"), the key metric for revenue growth of the Fund, was 7.8% for the Period and 10.1% Year-to-date. Royalty income for the Period was \$4,804,619, an increase of 23.0% versus the second quarter of 2005. On a year to date basis, royalty income has grown 25.4% compared to the first half of 2005.

As a result of the strong revenue growth, the Trustees of the Fund have approved an increase to the monthly cash distributions from 10.5 cents per unit to 10.9 cents per unit beginning with the distributions for July 2006. This increase translates to an annualized distribution rate per unit of \$1.31. The new distribution will be paid to unitholders of record at the close of business on August 21, 2006 and will be payable on August 31, 2006. The Fund periodically reviews distribution levels based on its policy of smoothing the distribution flow to unitholders.

Overall growth in franchise sales which is a combination of newly opened restaurants and SSSG, was 26.2% for the Period and 28.0% Year-to-date. During the Period, Boston Pizza continued to expand its presence across Canada opening eleven new Boston Pizza restaurants, with no restaurants being closed. Subsequent to the Period an additional three restaurants were opened bringing the total as of August 8, 2006, to 246 restaurants across Canada of which 226 restaurants are in the royalty pool.

"We are very pleased with the continued strong performance of the business in the second quarter of 2006. We continue to open new restaurants, serve our customers and grow the top line. With three distribution increases so far this year and ten in the four years since the initial public offering, Boston Pizza's success is clearly rewarding unitholders of the Fund." said Mike Cordoba, Chief Executive Officer of BPI.

Boston Pizza Royalties Income Fund will hold a conference call to discuss second quarter results on August 10, 2006 at 8:00 a.m. Pacific Time (11:00 a.m. Eastern Time). The call can be accessed by dialing toll-free 1-800-814-4890 or (604) 677-8677. A replay will be available until August 24, 2006, by dialing toll-free 1-877-289-8525 or (416) 640-1917 Passcode: 21196929 followed by the number sign.

HIGHLIGHTS

The following table sets out selected historical information and other data from the financial statements of the Fund and the Boston Pizza Royalties Limited Partnership (the "Partnership"), which should be read in conjunction with the attached consolidated financial statements of the Fund.

	Apr. 1, 2006 to Jun. 30, 2006	Apr. 1, 2005 to Jun. 30, 2005	Jan. 1, 2006 to Jun. 30, 2006	Jan. 1, 2005 to Jun. 30, 2005
(in thousands of dollars – except restaurants and per unit items)				
Restaurants in Royalty Pool	226	195	226	195
Franchise Sales reported by restaurants in Royalty Pool	\$120,115	\$97,683	\$233,854	\$186,463
Royalty income – 4% of Franchise Sales of Royalty Pool Restaurants	\$4,805	\$3,907	\$9,354	\$7,458
Partnership administrative and interest expenses	\$279	\$292	\$510	\$488
Partnership earnings for the period before undenoted	\$4,526	\$3,615	\$8,844	\$6,970
BPI's interest	\$1,453	\$1,232	\$3,095	\$2,564
Equity income related to BPI royalties earned by the Fund	\$3,073	\$2,383	\$5,749	\$4,406
Interest income	\$450	\$450	\$900	\$900
Net earnings	\$3,523	\$2,833	\$6,649	\$5,306
Earnings per Fund unit	\$0.32	\$0.29	\$0.63	\$0.56
Diluted earnings per Fund unit	\$0.32	\$0.29	\$0.63	\$0.56
Distributions declared per Fund unit	\$0.31	\$0.29	\$0.52	\$0.48
Same Store Sales Growth	7.8%	7.3%	10.1%	6.1%
Number of restaurants opened during Period	11	5	17	8
Number of restaurants closed during Period	0	0	0	0

OUTLOOK

Boston Pizza is well positioned for future growth and should continue to strengthen its position as the number one casual dining brand in Canada. In 2006 BPI management anticipates that approximately 40 new locations will open across Canada. In addition, BPI management believes that in 2006 the organization can continue to deliver industry-leading SSSG from national and local marketing programs and BPI's unique renovation program that requires each location to renovate every seven years. BPI anticipates up to 32 locations will conduct major renovations this year which will help facilitate the ongoing effort to deliver industry-leading SSSG. Management will continue to pursue further development in Western Canada, Ontario, and the Atlantic Provinces while aggressively pursuing additional opportunities in Quebec.

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

Certain statements in this quarterly report may constitute "forward looking" statements that involve known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Fund, the Boston Pizza Holdings Trust, the Partnership, 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 statements. When used in this quarterly report, such statements use such words as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements reflect 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, uncertainties and future expectations including, but not limited to the risks and uncertainties set out above in “Risks & Uncertainties” and in the Fund’s Annual Information Form under “Risks Related to the Structure of the Fund”. This quarterly report discusses some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward looking statements. Forward looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

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

	June 30, 2006	December 31, 2005
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 1,445	\$ 1,415
Interest receivable on note receivable from Boston Pizza International Inc.	150,000	150,000
Distributions receivable from Boston Pizza Royalties Limited Partnership	-	828,173
	<u>151,445</u>	<u>979,588</u>
Note receivable from Boston Pizza International Inc.	24,000,000	24,000,000
Investment in Boston Pizza Royalties Limited Partnership (note 3)	99,669,430	77,100,557
	<u>\$ 123,820,875</u>	<u>\$ 102,080,145</u>
Liabilities and Unitholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 50	\$ 50
Distributions payable to Fund unitholders	-	978,169
	<u>50</u>	<u>978,219</u>
Unitholders' equity:		
Fund units	122,606,237	100,829,377
Retained earnings	1,214,588	272,549
	<u>123,820,825</u>	<u>101,101,926</u>
	<u>\$ 123,820,875</u>	<u>\$ 102,080,145</u>

Contingency (note 4)

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statements of Earnings

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenue (note 2(a))				
Equity income related to BPI royalties	\$ 3,072,521	\$ 2,383,266	\$ 5,749,301	\$ 4,406,352
Interest income	450,015	450,015	900,025	900,025
Net earnings	\$ 3,522,536	\$ 2,833,281	\$ 6,649,326	\$ 5,306,377
Weighted average units outstanding	10,996,700	9,684,841	10,619,812	9,404,858
Basic and diluted earnings per Fund unit	\$ 0.32	\$ 0.29	\$ 0.63	\$ 0.56

Consolidated Statements of Retained Earnings

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Retained earnings, beginning of period	\$ 1,134,019	\$ 900,636	\$ 272,549	\$ 208,127
Net earnings	3,522,536	2,833,281	6,649,326	5,306,377
Distributions declared to Fund unitholders	(3,441,967)	(2,831,847)	(5,707,287)	(4,612,434)
Balance, end of period	\$ 1,214,588	\$ 902,070	\$ 1,214,588	\$ 902,070

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statements of Cash Flows

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Cash provided by (used in):				
Operations:				
Net earnings	\$ 3,522,536	\$ 2,833,281	\$ 6,649,326	\$ 5,306,377
Equity earnings, an item not affecting cash	(3,072,521)	(2,383,266)	(5,749,301)	(4,406,352)
Distributions received from Boston Pizza Royalties Limited Partnership	2,991,967	2,381,847	5,785,461	4,556,502
	3,441,982	2,831,862	6,685,486	5,456,527
Financing:				
Distributions paid to Fund unitholders	(3,441,967)	(2,831,847)	(6,685,456)	(5,456,497)
Increase in cash	15	15	30	30
Cash, beginning of period	1,430	1,371	1,415	1,356
Cash, end of period	\$ 1,445	\$ 1,386	\$ 1,445	\$ 1,386
Supplementary information:				
Non-cash financing and investing activities:				
Issuance of Fund units to acquire additional interest in Boston Pizza Royalties Limited Partnership	\$ -	\$ -	\$21,776,860	\$14,237,327

See accompanying notes to consolidated financial statements.

1. Basis of presentation:

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles.

The disclosures in these statements do not include all the disclosures required by Canadian generally accepted accounting principles for annual financial statements. These statements should be read in conjunction with the significant accounting policies and other information in the Fund's most recent annual financial statements. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

2. Operations:

(a) Franchise sales reported by Boston Pizza Restaurants in the Royalty Pool during the period ended June 30, 2006 is \$233,853,765 (2005 - \$186,463,485).

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

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
(in thousands of dollars, except number of restaurants in the Royalty Pool and earnings per Fund unit)				
Restaurants in the Royalty Pool	226	195	226	195
Franchise sales reported by restaurants in the Royalty Pool	\$ 120,115	\$ 97,683	\$ 233,854	\$ 186,463
Royalty income - 4% of Franchise sales	\$ 4,805	\$ 3,907	\$ 9,354	\$ 7,458
Administrative and interest expenses	(279)	(292)	(510)	(488)
Partnership earnings for the period before undernoted	4,526	3,615	8,844	6,970
BPI's interest	(1,453)	(1,232)	(3,095)	(2,564)
Equity income related to BPI royalties earned by Fund	3,073	2,383	5,749	4,406
Interest income	450	450	900	900
Net earnings	\$ 3,523	\$ 2,833	\$ 6,649	\$ 5,306
Basic and diluted earnings per Fund unit	\$ 0.32	\$ 0.29	\$ 0.63	\$ 0.56

2. Operations (continued):

- (b) 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 received its pro rata portion of the remaining Additional Entitlement, being 115,977 Fund units.
- (c) 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 sales 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's Additional Entitlement is equivalent to 1,904,808 (2005 - 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.
- (d) On February 17, 2006, BPI exchanged Class B Partnership units for 1,311,859 Fund units. BPI then sold these Fund units to the public. As of June 30, 2006, there were 10,996,700 Fund units issued and BPI had a 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.

3. Investment in Boston Pizza Royalties Limited Partnership:

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 from the Partnership	(9,601,507)
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Balance as at December 31, 2005	77,100,557
Acquisition of additional Partnership units by issuing Fund units	21,776,860
Equity income	5,749,301
Distributions from the Partnership	(4,957,288)
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Balance as at June 30, 2006	\$ 99,669,430

3. Investment in Boston Pizza Royalties Limited Partnership (continued):

Summarized financial information of the Partnership is as follows:

	June 30, 2006	December 31, 2005
Current assets	\$ 4,911,991	\$ 6,741,761
Long-term assets, consisting of the BP Rights	160,039,487	138,145,095
Total assets	\$ 164,951,478	\$ 144,886,856
Current liabilities	\$ 2,536,033	\$ 5,880,053
Long-term liabilities	5,000,000	5,000,000
Partners' surplus	157,415,445	134,006,803
Total liabilities and surplus	\$ 164,951,478	\$ 144,886,856

4. Contingency:

Boston Pizza International Inc. ("BPI") and the Fund are involved in trademark litigation with entities affiliated with McDonald's Restaurants of Canada (the "McDonald's 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.