



For Immediate Release

The Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES SAME STORE SALES GROWTH OF 3.1%
AND FRANCHISE SALES FROM ROYALTY POOL RESTAURANTS OF \$201.4 MILLION
FOR THE THIRD QUARTER**

Distributable Cash per Unit growth of 3.4% in the third quarter of 2014

HIGHLIGHTS

- System-Wide Gross Sales¹ of \$258.7 million for the Period and \$751.7 million YTD, representing increases of \$12.1 million and \$18.4 million, respectively, versus the same periods one year ago.
- Franchise Sales² from royalty pool restaurants of \$201.4 million for the Period and \$584.4 million YTD, representing increases of \$9.9 million and \$12.7 million, respectively, versus the same periods one year ago.
- Same store sales growth of 3.1% for the Period and 0.5% YTD.
- Distributable Cash³ per Unit of \$0.335 for the Period and \$0.921 YTD.
- Payout Ratio⁴ of 91.1% for the Period and 100.2% YTD.
- Trustees declared October 2014 distribution to unitholders of 10.2 cents per Unit, marking the Fund's 148th consecutive distribution to unitholders since the IPO, totalling \$15.02 per Unit.

VANCOUVER, B.C., November 7, 2014 - Boston Pizza Royalties Income Fund (the "**Fund**") (TSX: BPF.UN) and Boston Pizza International Inc. ("**BPI**") reported financial results today for the third quarter period from July 1, 2014 to September 30, 2014 (the "**Period**") and for the year-to-date period from January 1, 2014 to September 30, 2014 ("**YTD**"). A copy of this press release, the condensed consolidated interim financial statements and related Management's Discussion and Analysis of the Fund and BPI are available at www.sedar.com and www.bpincomefund.com. The Fund will host a conference call to discuss the results on November 7, 2014 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 December 7, 2014 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 3.1% for the Period and 0.5% YTD compared to 0.8% and 2.5% for the same periods, respectively, in 2013. Franchise Sales, the basis upon which royalties are paid by BPI to the Fund, exclude revenue from sales of liquor, beer, wine and approved national promotions and discounts. On a Franchise Sales basis, SSSG was 3.0% for the Period and 0.1% YTD compared to 0.8% and 2.7% for the same periods, respectively, in 2013. The positive SSSG for the Period was principally due to higher take-out and delivery sales resulting from the continued promotion of Boston Pizza's online ordering system and menu re-pricing. Other key marketing campaigns in the Period included Boston Pizza's 50th anniversary celebration and the launch of the new "MyBP" guest loyalty app. The positive SSSG YTD was principally due to higher take-out and delivery sales partially offset by the impact of extreme winter weather experienced in many parts of Canada during the first quarter in 2014 and a higher number of temporary closures due to restaurant renovations compared to the same period one year ago.

Franchise Sales of Boston Pizza restaurants in the royalty pool were \$201.4 million for the Period and \$584.4 million YTD compared to \$191.5 million and \$571.7 million in the same periods, respectively, in 2013. The \$9.9 million increase in Franchise Sales for the Period was principally due to additional Franchise Sales from new Boston Pizza restaurants added to the royalty pool on January 1, 2014 and positive SSSG for the Period. The increase in Franchise Sales YTD was principally due to additional Franchise Sales from new Boston Pizza restaurants added to the royalty pool on January 1, 2014.

"Boston Pizza's sales in the third quarter of 2014 were driven by popular television and online campaigns to highlight our continued menu innovation, FIFA World Cup game watching events, continued growth in our online ordering platform and new "MyBP" guest loyalty app. On August 12th, Boston Pizza celebrated its 50th anniversary

by serving a record 85,000 individual gourmet pizzas to our guests from coast-to-coast,” said Mark Pacinda, President and CEO of BPI. “We opened eight new Boston Pizza locations so far in 2014 and have several more under construction scheduled to open in the fourth quarter. We are particularly excited about the new Boston Pizza Stadium District location which opened recently in downtown Vancouver, blending an urban design with our traditional family-friendly atmosphere.”

The Fund’s net income and comprehensive income was \$5.0 million for the Period and \$13.8 million YTD compared to \$3.3 million and \$6.6 million for the same periods, respectively, in 2013. The changes in net income for the Period and YTD were mainly driven by the change in the fair value adjustments on the class B general partner units of Boston Pizza Royalties Limited Partnership (the “**Class B Unit liability**”) and higher royalty income. The Fund’s net income under International Financial Reporting Standards (“**IFRS**”) contains non-cash items, such as the fair value adjustment on the Class B Unit liability, 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 and Payout Ratio 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 and Payout Ratio 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 see the “Financial Highlights” section of the Fund’s Management’s Discussion and Analysis for the Period. For a detailed discussion on the Fund’s Distributable Cash and Payout Ratio, please see the “Operating Results – Distributable Cash / Payout Ratio” section in the Fund’s Management’s Discussion and Analysis for the Period.

The Fund generated Distributable Cash of \$5.2 million or \$0.335 per Unit of the Fund (“**Unit**”) for the Period compared to \$4.9 million or \$0.324 per Unit for the third quarter in 2013, representing increases of 6.9% and 3.4% respectively. The Fund generated Distributable Cash of \$14.3 million or \$0.921 per Unit YTD compared to \$14.0 million or \$0.915 per Unit for the same period, respectively, in 2013, representing increases of 1.8% and 0.7% respectively. The increases in Distributable Cash and Distributable Cash per Unit for the Period and YTD compared to the same periods one year ago are primarily due to the increase in cash flow from operating activities due to an increase in royalty income. Distributions for the Period and YTD 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 was 91.1% for the Period compared to 94.1% in the third quarter of 2013. The Fund’s Payout Ratio for the Period decreased compared to the third quarter of 2013 primarily due to the increase in Distributable Cash as discussed above. The Fund’s Payout Ratio was 100.2% YTD, relatively unchanged from 99.5% in the same period one year ago. 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. The Fund’s Payout Ratio 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 during the summer months when restaurants open their patios and benefit from increased tourist traffic. Higher Franchise Sales generally results in increases in Distributable Cash. On a trailing 12-month basis, the Fund’s Payout Ratio was 101.2% as at September 30, 2014. 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 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 close to 100% over time as the trustees of the Fund continue to distribute all available cash in order to maximize returns to unitholders.

The trustees of the Fund announced a cash distribution to unitholders of 10.2 cents per Unit for October 2014. The distribution will be payable to unitholders of record at the close of business on November 21, 2014 and will be paid on November 28, 2014. 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. Including the October 2014 distribution, which will be paid on November 28, 2014, the Fund will have paid out 148 consecutive monthly distributions totalling \$192.1 million or \$15.02 per Unit.

FINANCIAL HIGHLIGHTS

The tables below set out selected information from the Fund's condensed consolidated interim financial statements together with other data and should be read in conjunction with the condensed consolidated interim financial statements of the Fund for the three month and nine month periods ended September 30, 2014 and 2013.

| | Q3 2014 | Q3 2013 | YTD 2014 | YTD 2013 |
|---|--------------------|---------|----------|--------------|
| (in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items) | | | | |
| System-Wide Gross Sales | 258,716 | 246,627 | 751,726 | 733,349 |
| Number of restaurants in Royalty Pool | 358 | 348 | 358 | 348 |
| Franchise Sales reported by restaurants in the Royalty Pool | 201,369 | 191,510 | 584,384 | 571,678 |
| Royalty income | 8,054 | 7,660 | 23,375 | 22,867 |
| Interest income | 452 | 453 | 1,357 | 1,358 |
| Total revenue | 8,506 | 8,113 | 24,732 | 24,225 |
| Administrative expenses | (237) | (250) | (760) | (776) |
| Interest expense on debt | (331) | (295) | (931) | (756) |
| Interest expense on Class B Unit and Class C Unit liabilities | (1,247) | (1,365) | (3,386) | (3,628) |
| Profit before fair value adjustments and income taxes | 6,691 | 6,203 | 19,655 | 19,065 |
| Fair value adjustment on Class B Unit liability | 19 | (1,166) | (443) | (8,022) |
| Fair value adjustment on interest rate swaps | 7 | (136) | (300) | 425 |
| Current and deferred income tax expense | (1,715) | (1,589) | (5,089) | (4,888) |
| Net income and comprehensive income for the period | 5,002 | 3,312 | 13,823 | 6,580 |
| Basic earnings per Unit | 0.32 | 0.22 | 0.89 | 0.43 |
| Diluted earnings per Unit | 0.28 | 0.22 | 0.87 | 0.43 |
| <u>Distributable Cash / Distributions / Payout Ratio</u> | | | | |
| Cash flows from operating activities | 6,909 | 6,482 | 19,188 | 18,869 |
| Class C Unit distributions to BPI | (450) | (450) | (1,350) | (1,350) |
| BPI Class B Unit entitlement | (833) | (915) | (2,487) | (2,733) |
| Interest paid on long-term debt | (332) | (276) | (981) | (705) |
| SIFT Tax on Units | (60) | 53 | (74) | (36) |
| Distributable Cash | 5,234 | 4,894 | 14,296 | 14,045 |
| Distributions paid in respect of the period | 4,769 | 4,605 | 14,328 | 13,970 |
| Payout Ratio | 91.1% | 94.1% | 100.2% | 99.5% |
| Distributable Cash per Unit | 0.335 | 0.324 | 0.921 | 0.915 |
| Distributions per Unit | 0.306 | 0.306 | 0.918 | 0.914 |
| <u>Other</u> | | | | |
| Same store sales growth | 3.1% | 0.8% | 0.5% | 2.5% |
| Number of restaurants opened during the period | 3 | 1 | 5 | 5 |
| Number of restaurants closed during the period | 2 | 1 | 5 | 2 |
| | September 30, 2014 | | | Dec 31, 2013 |
| Total assets | 278,772 | | | 268,945 |
| Total liabilities | 117,033 | | | 119,726 |

Notes:

- 1) "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 revenue from BPI approved national promotions and discounts and excluding applicable sales and similar taxes.
- 2) 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 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.
- 3) Distributable Cash 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 preceding tables provide a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure. For additional information regarding this financial metric, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's Management's Discussion and Analysis for the Period.
- 4) Payout Ratio is calculated by dividing the distributions payable by the Fund in respect of the applicable period by the Distributable Cash 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. As the Payout Ratio is calculated from a formula which includes Distributable Cash, which is a non-IFRS measure, a reconciliation of Payout Ratio to an IFRS measure is not possible. For additional information regarding this financial metric, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Management's Discussion and Analysis for the Period.
- 5) Other capitalized terms used in these tables are defined in the Fund's Management's Discussion and Analysis for the Period.
- 6) Profit before fair value adjustments and income taxes is an additional IFRS measure. For additional information regarding these financial metrics, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's Management's Discussion and Analysis for the Period.

SUMMARY OF QUARTERLY RESULTS

| | Q3 2014 | Q2 2014 | Q1 2014 | Q4 2013 |
|---|---------|---------|---------|---------|
| (in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items) | | | | |
| System-Wide Gross Sales | 258,716 | 255,002 | 238,008 | 241,488 |
| Number of restaurants in the Royalty Pool | 358 | 358 | 358 | 348 |
| Franchise Sales reported by restaurants in the Royalty Pool | 201,369 | 196,627 | 186,388 | 183,742 |
| Royalty income | 8,054 | 7,865 | 7,456 | 7,350 |
| Interest income | 452 | 453 | 452 | 453 |
| Total revenue | 8,506 | 8,318 | 7,908 | 7,803 |
| Administrative expenses | (237) | (263) | (260) | (274) |
| Interest expense on debt | (331) | (307) | (293) | (298) |
| Interest expense on Class B Unit and Class C Unit liabilities | (1,247) | (1,194) | (945) | (1,897) |
| Profit before fair value adjustments and income taxes | 6,691 | 6,554 | 6,410 | 5,334 |
| Fair value adjustment on Class B Unit liability | 19 | (2,392) | 1,930 | 4,598 |
| Fair value adjustment on interest rate swaps | 7 | (37) | (270) | (198) |
| Current and deferred income tax expense | (1,715) | (1,681) | (1,693) | (1,501) |
| Net income and comprehensive income for the period | 5,002 | 2,444 | 6,377 | 8,233 |
| Basic earnings per Unit | 0.32 | 0.16 | 0.42 | 0.55 |
| Diluted earnings per Unit | 0.28 | 0.16 | 0.25 | 0.23 |
| <u>Distributable Cash / Distributions / Payout Ratio</u> | | | | |
| Cash flows from operating activities | 6,909 | 6,458 | 5,821 | 6,039 |
| Class C Unit distributions to BPI | (450) | (450) | (450) | (450) |
| BPI Class B Unit entitlement | (833) | (741) | (913) | (992) |
| Interest paid on long-term debt | (332) | (299) | (350) | (297) |
| SIFT Tax on Units | (60) | (41) | 27 | 85 |
| Distributable Cash | 5,234 | 4,927 | 4,135 | 4,385 |
| Distributions paid in respect of the period | 4,769 | 4,799 | 4,760 | 4,599 |
| Payout Ratio | 91.1% | 97.4% | 115.1% | 104.9% |
| Distributable Cash per Unit | 0.335 | 0.313 | 0.272 | 0.292 |
| Distributions per Unit | 0.306 | 0.306 | 0.306 | 0.306 |
| <u>Other</u> | | | | |
| Same store sales growth | 3.1% | (0.1%) | (1.7%) | (1.5%) |
| Number of restaurants opened during the period | 3 | 2 | 0 | 7 |
| Number of restaurants closed during the period | 2 | 1 | 2 | 0 |

SUMMARY OF QUARTERLY RESULTS (continued)

| | Q3 2013 | Q2 2013 | Q1 2013 | Q4 2012 |
|---|---------|---------|---------|---------|
| (in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items) | | | | |
| System-Wide Gross Sales | 246,627 | 250,398 | 236,324 | 239,764 |
| Number of restaurants in the Royalty Pool | 348 | 348 | 348 | 343 |
| Franchise Sales reported by restaurants in the Royalty Pool | 191,510 | 193,830 | 186,338 | 185,197 |
| Royalty income | 7,660 | 7,753 | 7,454 | 7,408 |
| Interest income | 453 | 452 | 453 | 453 |
| Total revenue | 8,113 | 8,205 | 7,907 | 7,861 |
| Administrative expenses | (250) | (263) | (263) | (244) |
| Interest expense on debt | (295) | (247) | (214) | (218) |
| Interest expense on Class B Unit and Class C Unit liabilities | (1,365) | (1,365) | (898) | (1,978) |
| Profit before fair value adjustments and income taxes | 6,203 | 6,330 | 6,532 | 5,421 |
| Fair value adjustment on Class B Unit liability | (1,166) | (1,144) | (5,712) | 633 |
| Fair value adjustment on interest rate swaps | (136) | 650 | (89) | 69 |
| Current and deferred income tax expense | (1,589) | (1,816) | (1,483) | (1,781) |
| Net income (loss) and comprehensive income (loss) for the period | 3,312 | 4,020 | (752) | 4,342 |
| Basic earnings (loss) per Unit | 0.22 | 0.26 | (0.05) | 0.29 |
| Diluted earnings (loss) per Unit | 0.22 | 0.26 | (0.05) | 0.23 |
| <u>Distributable Cash / Distributions / Payout Ratio</u> | | | | |
| Cash flows from operating activities | 6,482 | 6,572 | 5,815 | 6,221 |
| Class C Unit distributions to BPI | (450) | (450) | (450) | (450) |
| BPI Class B Unit entitlement | (915) | (915) | (903) | (986) |
| Interest paid on long-term debt | (276) | (216) | (213) | (215) |
| SIFT Tax on Units | 53 | (156) | 67 | (31) |
| Distributable Cash | 4,894 | 4,835 | 4,316 | 4,539 |
| Distributions paid in respect of the period | 4,605 | 4,673 | 4,692 | 4,480 |
| Payout Ratio | 94.1% | 96.6% | 108.7% | 98.7% |
| Distributable Cash per Unit | 0.324 | 0.315 | 0.277 | 0.303 |
| Distributions per Unit | 0.306 | 0.306 | 0.302 | 0.294 |
| <u>Other</u> | | | | |
| Same store sales growth | 0.8% | 3.6% | 3.2% | 2.2% |
| Number of restaurants opened during the period | 1 | 4 | 0 | 4 |
| Number of restaurants closed during the period | 1 | 1 | 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 by achieving 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 eight new Boston Pizza restaurants that have opened to date in 2014 and the additional seven new 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 constitutes "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. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Fund or management of BPI expects or anticipates will or may occur in the future, including such things as, seasonal fluctuations in the Payout Ratio, the Payout Ratio is likely to be higher in the first and fourth quarters, higher Franchise Sales generally result in increases in Distributable Cash, a Payout Ratio close to 100% will be maintained, trustees of the Fund will continue to distribute all available cash in order to maximize returns to unitholders, Boston Pizza being well positioned for future growth, the strengthening of Boston Pizza's position as the number one casual dining brand in Canada, the achievement of positive SSSG, opening of new restaurants, increases in average guest cheques levels, incremental sales increasing after store renovations, plans to pursue restaurant development opportunities and other such matters are forward-looking information. When used in this press release, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan", "should", "continue" and other similar terminology. The material factors and assumptions used to develop the forward-looking information contained in this press release include the following: future results being similar to historical results, expectation related to future general economic conditions, business plans, receipt of franchise fees and other amounts, franchisees access to financing, pace of commercial real estate development, protection of intellectual property rights of the Partnership and absence of changes of laws. Risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by the forward-looking information contained herein, relate to (among others) competition, demographic trends, consumer preferences and discretionary spending patterns, business and economic conditions, legislation and regulation, Distributable Cash and reliance on operating revenues, accounting policies and practices, the results of operations and financial condition of BPI and the Fund, as well as those factors discussed under the heading "Risks and Uncertainties" in the most recent Annual Information Form of the Fund. 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 Management's Discussion and Analysis for the Period available at www.sedar.com and www.bpincomefund.com.

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

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