



For Immediate Release

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**BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES 2020 SECOND QUARTER RESULTS**

***COVID-19 has significant adverse effect on Boston Pizza business. Franchise Sales for the second quarter of 2020 decreased by 50.6% versus one year ago.***

**HIGHLIGHTS**

- On June 22, 2020, the Fund and BPI reached agreements to holistically address their financial challenges caused by the COVID-19 pandemic.
- As at June 30, 2020, approximately 375 Boston Pizza Restaurants were providing take-out and delivery services, and approximately 370 of these restaurants also had their dining rooms and sports bars or patios open with reduced seating capacity.
- System-Wide Gross Sales<sup>1</sup> of \$129.8 million for the Period and \$354.6 million YTD, representing decreases of 53.8% and 35.1%, respectively, versus the same periods one year ago.
- Franchise Sales<sup>2</sup> from royalty pool restaurants of \$107.1 million for the Period and \$281.2 million YTD, representing decreases of 50.6% and 33.6%, respectively, versus the same periods one year ago.
- Same Restaurant Sales<sup>3</sup> of negative 53.5% for the Period and negative 35.0% YTD.
- Same Restaurant Sales on a Franchise Sales basis of negative 50.3% for the Period and negative 33.4% YTD.
- Distributable Cash<sup>4</sup> per Unit decreased 131.0% for the Period and decreased 60.4% YTD.
- Payout Ratio<sup>5</sup> of 0.0% for the Period and 126.8% YTD, and 108.5% on a trailing 12-month basis. Cash balance at the end of the Period was \$0.9 million.

VANCOUVER, BC, August 14, 2020 - 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, 2020 to June 30, 2020 (the "**Period**") and January 1, 2020 to June 30, 2020 ("**YTD**"). A copy of this press release, the condensed consolidated interim financial statements and related management's discussion and analysis ("**MD&A**") 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 14, 2020 at 8:30 am Pacific Time (11:30 am Eastern Time). The call can be accessed by dialling 1-800-319-4610 or 604-638-5340. A replay will be available until September 14, 2020 by dialling 1-800-319-6413 or 604-638-9010. and entering the access code: 4864 followed by the # sign. The replay will also be available at [www.bpincomefund.com](http://www.bpincomefund.com).

"The second quarter has presented challenges brought on by the COVID-19 pandemic causing a dramatic impact on the business of Boston Pizza restaurants across Canada," said Jordan Holm, President of BPI. "Approximately 95% of all Boston Pizza restaurants which were open prior to the COVID-19 pandemic have reopened their dining rooms, sports bars and patios to-date with reduced seating capacity, and appropriate physical distancing measures as permitted by provincial health authorities. Overall guest traffic remains affected by various local regulations and changes in guest behaviour. However, we are pleased with the improvement in sales trends that we are experiencing since the re-openings of our restaurants."

"We continue to closely monitor the performance of BPI's operations and financial projections for BPI and the Fund and are encouraged by the recent improvement in performance of BPI restaurants in the Royalty Pool," said Marc Guay, Chair of the Board of Trustees. "The Trustees expect that if the recent improvement in performance continues and if sales trends become less uncertain, that the Fund will reinstate monthly distributions in the fourth quarter of 2020, with the view to ensuring the payment of regular monthly distributions at a sustainable level."

As a condition to agreeing to the Pandemic Recovery Plan, the Fund's bank requires that the Fund not pay distributions to Unitholders before October 1, 2020. The reinstatement of, and the amount and timing of, monthly distributions will depend on the stability and amount of Royalty and Distribution Income received by the Fund, the significant uncertainties related to the COVID-19 pandemic and the impact on BPI and the Fund, and other factors. As announced on June 3, 2020, the COVID-19 pandemic has had significant impacts on Gross Sales, Franchise Sales, Same Restaurant Sales ("**SRS**"), Distributable Cash and the financial health of the Fund and BPI. As announced on June 22, 2020, the Fund and BPI reached agreements to holistically address their financial

challenges caused by the COVID-19 pandemic (the “Pandemic Recovery Plan”). A copy of these press releases is available on [www.sedar.com](http://www.sedar.com) and [www.bpincomefund.com](http://www.bpincomefund.com).

SRS, a key driver of distribution growth for unitholders of the Fund, was negative 53.5% for the Period and negative 35.0% YTD compared to negative 1.2% and negative 1.3%, respectively, versus the same periods one year ago. Franchise Sales, the basis upon which Royalty<sup>6</sup> and Distribution Income<sup>6</sup> are paid by BPI and Boston Pizza Canada Limited Partnership (“**BP Canada LP**”) respectively, indirectly to the Fund, excludes revenue from sales of liquor, beer, wine and approved national promotions and discounts. On a Franchise Sales basis, SRS was negative 50.3% for the Period and negative 33.4% YTD compared to negative 0.3% and negative 0.2%, respectively, versus the same periods one year ago. The decline in SRS for the Period was principally due to declines in restaurant guest traffic and the temporary closure of all dining rooms and sports bars in Boston Pizza Restaurants across Canada on March 17, 2020, both as a result of the COVID-19 pandemic. The decline in SRS YTD was principally due to declines in restaurant guest traffic and the temporary closure of all dining rooms and sports bars in Boston Pizza Restaurants across Canada on March 17, 2020, both as a result of the COVID-19 pandemic, partially offset by increased take-out and delivery sales.

Franchise Sales of Boston Pizza Restaurants in the Royalty Pool were \$107.1 million for the Period and \$281.2 million YTD compared to \$216.9 million and \$423.3 million, respectively, for the same periods one year ago. The decrease in Franchise Sales for the Period and YTD was primarily due to negative SRS on a Franchise Sales basis.

The Fund’s net and comprehensive income was \$7.6 million for the Period and net and comprehensive loss was \$9.3 million YTD compared to net and comprehensive income of \$9.2 million and \$20.3 million, respectively, for the same periods one year ago. The \$1.6 million decrease in the Fund’s net and comprehensive income for the Period compared to the second quarter of 2019 was primarily due to lower profit before fair value gain (loss) and income taxes of \$4.8 million, partially offset by a \$1.8 million increase in fair value and lower income tax expense of \$1.4 million. The \$29.6 million decrease in the Fund’s net and comprehensive income YTD compared to the same period in 2019 was primarily due to lower profit before fair value gain (loss) and income taxes of \$6.6 million and a \$24.8 million net fair value loss, partially offset by lower income tax expense of \$1.8 million. For a detailed discussion on the Fund’s net and comprehensive income, please see the “Operating Results – Net and Comprehensive Income (Loss) / Basic and Diluted Earnings (Loss)” section in the Fund’s MD&A for the Period and YTD. The Fund’s net income or loss under International Financial Reporting Standards (“**IFRS**”) contains non-cash items, such as the fair value adjustments on financial instruments and deferred income taxes, that do not affect the Fund’s business operations or its ability to pay distributions to unitholders. In the Fund’s view, net income or loss 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 and the extent to which the Fund has distributed that cash. The Fund also reports the non-IFRS metric of SRS to provide investors useful information regarding the change in gross sales of Boston Pizza restaurants. Readers are cautioned that Distributable Cash, Payout Ratio and SRS 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 Summary” section of this press release. 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 MD&A for the Period and YTD. A reconciliation of SRS to an IFRS measure is not possible.

The Fund generated Distributable Cash of negative \$2.2 million for the Period, compared to \$7.3 million for the second quarter of 2019. The decrease in Distributable Cash of \$9.5 million or 130.5% was primarily due to an increase in cash flow used in operating activities of \$9.7 million, partially offset by lower specified investment flow-through tax (“**SIFT Tax**”) on Units of \$0.9 million and lower interest on Class B general partner units (“**Class B Units**”) of Boston Pizza Royalties Limited Partnership (“**Royalties LP**”) of \$1.0 million. The Fund generated Distributable Cash of \$5.5 million YTD, compared to \$13.9 million year-to-date in 2019. The decrease in Distributable Cash of \$8.4 million or 60.8% was primarily due to a decrease in cash flow generated from operating activities of \$8.6 million, partially offset by lower SIFT Tax on Units of \$1.3 million and lower interest on Class B Units of \$1.4 million.

The Fund generated Distributable Cash per Unit of negative \$0.104 for the Period compared to \$0.336 per Unit for the second quarter of 2019. The decrease in Distributable Cash per Unit of \$0.440 or 131.0% was primarily attributable to the decrease in Distributable Cash outlined above and fewer Units outstanding compared to the same period in 2019 due to the Fund’s normal course issuer bid that is active from February 19, 2020 to February 18,

2021 (the "NCIB"). The Fund generated Distributable Cash per Unit of \$0.253 YTD compared to \$0.639 per Unit year-to-date in 2019. The decrease in Distributable Cash per Unit of \$0.386 or 60.4% was primarily attributable to the decrease in Distributable Cash outlined above and fewer Units outstanding compared to the same period in 2019 due to the Fund's NCIB. As at June 30, 2020, the Fund acquired 266,300 Units under the NCIB at an average price of \$12.98 per Unit. Between June 30, 2020 and August 14, 2020, the Fund did not acquire any additional Units under the NCIB.

The Fund's Payout Ratio for the Period was 0.0% compared to 102.6% in the second quarter of 2019. The decrease in the Fund's Payout Ratio for the Period compared to the same period in 2019 was due to the temporary suspension of distributions on Units by the trustees on March 23, 2020. The Fund's Payout Ratio YTD was 126.8% compared to 108.0% year-to-date in 2019. The increase in the Fund's Payout Ratio YTD compared to the same period in 2019 was due to the combined effects of Distributable Cash decreasing by \$8.4 million or 60.8% and distributions paid decreasing by \$8.1 million or 54.0%. The Fund's Payout Ratio is typically higher in the first and fourth quarters compared to the second and third quarters since Boston Pizza Restaurants generally experience higher Franchise Sales levels during the summer months when restaurants open their patios and benefit from increased tourist traffic. On a trailing 12-month basis, the Fund's Payout Ratio was 108.5% as at June 30, 2020. However, the effects of COVID-19, including the temporary suspension of distributions on Units, have materially affected the Fund's Payout Ratio in the Period and YTD, and will continue to materially affect the Fund's Payout Ratio in the future.

The COVID-19 pandemic has resulted and will continue to result in material declines to Franchise Sales and SRS. The declines in Franchise Sales and SRS will result in significant declines to Royalty and Distribution Income payable by BPI and BP Canada LP to the Fund, and significant declines in the amount of Distributable Cash available for distribution to unitholders. On March 23, 2020, the trustees of the Fund temporarily suspended monthly distributions on Units, commencing with the March 2020 distribution that ordinarily would have been payable on April 30, 2020 to unitholders of record on April 21, 2020, as a result of the COVID-19 pandemic.

## FINANCIAL SUMMARY

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 and MD&A of the Fund for the three month and six month periods ended June 30, 2020 and June 30, 2019.

<i>For the periods ended June 30</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019
<i>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</i>				
System-Wide Gross Sales	129,845	281,310	354,602	546,608
Number of restaurants in Royalty Pool	395	396	395	396
Franchise Sales reported by restaurants in the Royalty Pool	107,149	216,882	281,218	423,329
Royalty income	4,286	8,675	11,249	16,933
Distribution Income	1,423	2,856	3,716	5,575
Interest income	24	10	29	22
Total revenue	5,733	11,541	14,994	22,530
Administrative expenses	(352)	(307)	(746)	(623)
Interest expense on debt	(730)	(709)	(1,433)	(1,405)
Interest expense on Class B Unit liability	-	(1,030)	(648)	(1,740)
Profit before fair value gain (loss) and income taxes <sup>7</sup>	4,651	9,495	12,167	18,762
Fair value gain (loss) on investment in BP Canada LP	7,202	4,201	(30,389)	12,548
Fair value (loss) gain on Class B Unit liability	(3,208)	(1,851)	13,527	(5,372)
Fair value loss on Swaps	(158)	(363)	(1,998)	(1,245)
Current and deferred income tax expense	(908)	(2,313)	(2,646)	(4,425)
Net and comprehensive income (loss)	7,579	9,169	(9,339)	20,268
Basic earnings (loss) per Unit	0.35	0.42	(0.43)	0.93
Diluted earnings (loss) per Unit	0.35	0.42	(0.93)	0.93
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows (used in) generated from operating activities	(709)	9,039	8,792	17,403
BPI Class B Unit entitlement	-	(1,029)	(648)	(2,077)
Interest paid on long-term debt	(668)	(723)	(1,369)	(1,409)
SIFT Tax on Units	(858)	37	(1,316)	8
Distributable Cash	(2,235)	7,324	5,459	13,925
Distributions paid	-	7,517	6,923	15,034
Payout Ratio	0.0%	102.6%	126.8%	108.0%
Distributable Cash per Unit	(0.104)	0.336	0.253	0.639
Distributions paid per Unit	-	0.345	0.319	0.690
<u>Other</u>				
Same Restaurant Sales	(53.5%)	(1.2%)	(35.0%)	(1.3%)
Number of restaurants opened	0	3	1	3
Number of restaurants closed	4	3	6	4
			Jun 30, 2020	Dec 31, 2019
Total assets			369,789	396,426
Total liabilities			121,898	131,323

### Notes:

- "System-Wide Gross Sales" means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI; and (ii) reported to BP Canada LP 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 BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes.
- "Franchise Sales" is the basis upon which Royalty and Distribution Income are payable, and means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI that are in the Fund's Royalty Pool; and (ii) reported to BP Canada LP by franchised Boston Pizza restaurants in Canada that are in the Fund's Royalty Pool, 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 BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP 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.
- "Same Restaurant Sales" or "SRS" (previously named "same store sales growth" – see the "Overview – Top-Line Fund / Increases in Franchise Sales" section of the Fund's MD&A for the Period and YTD for more details) is the change in gross revenue of Boston Pizza restaurants as compared to the gross revenue for the same period in the previous year for Boston Pizza restaurants that have been open for a minimum 24 months. SRS 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. Management believes SRS provides investors useful information regarding the change in gross sales of Boston Pizza restaurants.
- "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. Management believes that this non-IFRS financial measure provides useful information to investors regarding the amount of cash the Fund has generated for distribution on the Units. The preceding table provides a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure. Investors are cautioned that this should not be construed as an alternative to cash flows from operating activities. For additional information regarding this financial metric, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's MD&A for the Period and YTD.
- "Payout Ratio" is calculated by dividing the aggregate distributions paid by the Fund during a 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. Management believes that this non-IFRS financial measure provides investors with useful information regarding the extent to which the Fund distributes cash on the Units. 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 Fund's MD&A for the Period and YTD.

- 6) Royalties LP licenses BPI the right to use various Boston Pizza trademarks in return for BPI paying Royalties LP a royalty equal to 4% of Franchise Sales of Boston Pizza restaurants (the "Royalty") in the Fund's royalty pool (the "Royalty Pool"). "Distribution Income" is income received indirectly by the Fund on Class 1 LP Units and Class 2 LP Units of BP Canada LP. See the "Overview – Purpose of the Fund / Sources of Revenue" section of the Fund's MD&A for the Period and YTD for more details.
- 7) 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 MD&A for the Period and YTD.
- 8) Capitalized terms used in this press release that are undefined have the meanings ascribed to them in the Fund's MD&A for the Period and YTD.

## SHORT-TERM OUTLOOK

The COVID-19 pandemic has had sudden, unexpected and unprecedented impacts on the general economy, the restaurant industry and has specifically caused significant disruption to the business of the Fund and BPI. The focus of BPI's management is to continue to: (i) monitor carefully the continuously evolving COVID-19 situation; (ii) modify the operating procedures of Boston Pizza Restaurants to ensure the safety of guests and employees of BP Canada LP's franchisees; (iii) responsibly and safely re-open the dining rooms and sports bars of Boston Pizza Restaurants across Canada when permitted by applicable provincial health authorities; (iv) maximize the opportunity to grow its take-out and delivery business; and (v) review and adapt current and future plans to responsibly address the challenges and opportunities presented by COVID-19. Management of BPI anticipates that sales levels for the remainder of 2020 will continue to be challenged as a result of COVID-19.

The trustees of the Fund will continue to closely monitor BPI's and BP Canada LP's business as the COVID-19 situation continues to develop and consider the best interests of the Fund and its stakeholders. While the COVID-19 pandemic persists, the trustees of the Fund expect that Franchise Sales and SRS at Boston Pizza Restaurants, and resulting Royalty, Distribution Income and Distributable Cash available for distribution to Unitholders will continue to be adversely affected, and that preservation of cash by the Fund is prudent and appropriate until economic conditions improve. Due to the significant uncertainties related to the COVID-19 pandemic and the impact on the Fund and BPI, there can be no assurance as to when distributions by the Fund will recommence.

## Forward Looking Information

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, Boston Pizza Royalties Limited Partnership, Boston Pizza Holdings Limited Partnership, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPI, BP Canada LP, Boston Pizza Canada Holdings Inc., Boston Pizza Canada Holdings Partnership, 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 its Trustees expect or anticipate will or may occur in the future, including such things as, Boston Pizza's business having currently recovered to approximately 80% of overall sales levels from one year ago, the effects of COVID-19, including the temporary suspension of distributions on Units, will continue to materially affect the Fund's Payout Ratio in the future, the COVID-19 pandemic continuing to result in material declines to Franchise Sales and SRS, declines in Franchise Sales and SRS resulting in significant declines to Royalty and Distribution Income payable to the Fund and significant declines in the amount of Distributable Cash available for distribution to unitholders, the Trustees of the Fund expecting that if the recent improvement in performance of Boston Pizza Restaurants continues and if sales trends become less uncertain, the Fund will reinstate monthly distributions in the fourth quarter of 2020 with the view to ensuring the payment of regular monthly distributions at a sustainable level, the reinstatement of, and the amount and timing of, monthly distributions being determined by the Trustees of the Fund and depending upon the stability and amount of Royalty and Distribution Income received by the Fund, the significant uncertainties related to the COVID-19 pandemic and the impact on BPI and the Fund, and other factors, the focus of BPI's management, management's anticipation that sales levels for the remainder of 2020 will continue to be challenged as a result of COVID-19, the Trustees of the Fund continuing to closely monitor BPI's and BP Canada LP's business as the COVID-19 situation continues to develop, that preservation of cash by the Fund is prudent and appropriate until economic conditions improve, 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: the COVID-19 pandemic will continue to negatively impact the restaurant industry, Franchise Sales, SRS and Distributable Cash. 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, reliance on operating revenues, accounting policies and practices, the results of operations and financial condition of BPI, BP Canada LP 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, neither the Fund nor BPI assumes any obligation to update previously disclosed forward-looking information. For a complete list of the risks associated with forward-looking information and the Fund's business, please refer to the "Risks and Uncertainties" and "Note Regarding Forward-Looking Information" sections included in the most recent Annual Information Form of the Fund 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 news release.

FOR FURTHER INFORMATION PLEASE CONTACT:

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