



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA OPENS 34 NEW RESTAURANTS IN 2007, INCREASING THE TOTAL ROYALTY POOL STORES TO 300 FOR THE BOSTON PIZZA ROYALTIES INCOME FUND**

VANCOUVER, BC, JANUARY 2, 2008 - Boston Pizza Royalties Income Fund (the "Fund") (TSX: BPF.UN) and Boston Pizza International Inc. ("BPI") announced today that effective January 1, 2008, the number of Boston Pizza restaurants included in the Fund's royalty pool (the "Royalty Pool") has been increased to include the royalties from 34 new full-service restaurants opened across Canada between January 1, 2007 and December 31, 2007 (the "Period"). No restaurants were closed during the Period. With the addition of these 34 new restaurants, royalties are now payable to the Fund from 300 Boston Pizza restaurants. As outlined in the Fund's annual information form, BPI is no longer obligated to pay the make-whole payment (which is a payment to the Fund which would be made in the event of a closure of a restaurant that was part of the Royalty Pool) or maintain a 20% minimum retained interest in the Fund following the addition of the 275<sup>th</sup> location to the Royalty Pool.

The Fund indirectly owns the Boston Pizza trademarks and trade names used by BPI in its Boston Pizza restaurants in Canada. In 2002 the Fund licensed these trademarks to BPI for 99 years and in return BPI pays the Fund a top line royalty of 4% of franchise revenues of Royalty Pool restaurants. Annually, the Royalty Pool of Boston Pizza restaurants is increased to include the new Boston Pizza restaurants that have opened in the prior year. The increase is adjusted to reflect any locations that may have permanently closed during the year.

"We are very pleased to have opened 34 new Boston Pizza restaurants in 2007 and to have reached a significant milestone with the 300<sup>th</sup> Boston Pizza location now open and added to the Fund's Royalty Pool. Since the Fund's initial public offering in 2002, we have been able to almost double the number of restaurants in the Royalty Pool from 154 to 300, further strengthening our position as the number one casual dining brand in Canada. Our employees and franchisees should be commended." said Mike Cordoba, Chief Executive Officer for BPI and the Fund.

On January 1 of each year (the "Adjustment Date"), an adjustment is made to add to the Royalty Pool new Boston Pizza restaurants that opened and to remove any Boston Pizza restaurants closed prior to that Adjustment Date. In return for adding this additional royalty revenue, BPI receives the right to indirectly acquire additional Fund units (the "Additional Entitlements"). The adjustment for new franchise sales added to the Royalty Pool is designed to be accretive for Unitholders. The Additional Entitlements are calculated at 92.5% of the estimated royalty revenue added to the Royalty Pool, divided by the yield of the Fund, divided by the weighted average unit price. BPI receives 80% of the Additional Entitlements initially, with the balance received when the actual full year performance of the new restaurants is known with certainty. BPI receives 100% of distributions from the Additional Entitlements throughout the year. Once these new restaurants have been part of the Royalty Pool for a full year, an audit of the royalty revenues of these restaurants received from BPI will be performed. At such time an adjustment will be made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

In return for adding the royalty revenue from the 34 new restaurants to the Royalty Pool, BPI has received 1,511,567 Additional Entitlements. The 1,511,567 represents 80% (1,889,459 represents 100%) of the Additional Entitlements with the balance received when the actual full year performance of the new restaurants is known with certainty. The 1,511,567 Additional Entitlements represents 8.7% of the Fund units on a fully diluted basis. The full 1,889,459 Additional Entitlements would represent 10.3% of the Fund on a fully diluted basis. Including the 1,511,567 Additional Entitlements described above, BPI has the right to acquire 4,699,297 Fund Units, representing 26.9% of the Fund Units on a fully diluted basis.

The annual gross franchise revenue for the 34 restaurants in 2008 is estimated to be \$69,144,000. The estimated 4% royalty revenue the Fund will receive in 2008 from these additional 34 restaurants is \$2,765,760. The royalty revenue for the purposes of calculating the Additional Entitlements, therefore, is \$2,558,328 or 92.5%. Once the actual performance of these new restaurants for 2008 is known, the number of Additional Entitlements will be adjusted in 2009 to reflect the actual royalty revenue received by the Fund in 2008. As of January 1, 2008, there are 300 restaurants in the Royalty Pool.

**Table 1 - Summary of Boston Pizza Royalties Income Fund Units**

|  | Issued &<br>Outstanding Units, &<br>Additional<br>Entitlements | Issued &<br>Outstanding Units,<br>Additional<br>Entitlements, &<br>Holdback of<br>Additional<br>Entitlements |
|--|--|--|
| Public Float as of December 31, 2007   | 12,750,922   | 12,750,922   |
| BPI Additional Entitlements - Outstanding as of December 31, 2007  | 3,187,730  | 3,187,730  |
| BPI Additional Entitlements - Holdback as of December 31, 2007   | N/A  | 431,696 <sup>(1)</sup>   |
| Number of Fully Diluted Units as of <b>December 31, 2007</b>   | 15,938,652   | 16,370,348   |
| Public Float as of December 31, 2007 & January 1, 2008   | 12,750,922   | 12,750,922   |
| BPI Additional Entitlements - Outstanding as of December 31, 2007  | 3,187,730  | 3,187,730  |
| BPI Additional Entitlements - Holdback as of December 31, 2007   | N/A  | 431,696 <sup>(1)</sup>   |
| BPI Additional Entitlements - Issued & Outstanding as of January 1, 2008<br>(34 Restaurants added to Royalty Pool) | 1,511,567  | 1,511,567 <sup>(2)</sup>   |
| BPI Additional Entitlements - Holdback as of January 1, 2008<br>(34 Restaurants added to Royalty Pool)             | N/A  | 377,892 <sup>(3)</sup>   |
| Number of Fully Diluted Units as of <b>January 1, 2008</b>   | 17,450,219   | 18,259,807   |
| BPI Total Ownership as of January 1, 2008  | 26.9%  | 30.2%  |
| BPI Ownership based on 34 Restaurants added to Royalty Pool <u>only</u><br>as of January 1, 2008                   | 8.7%   | 10.3%  |

<sup>(1)</sup> Holdback of Additional Entitlements from the 40 net new restaurants added to Royalty Pool on January 1, 2007. Actual number of Additional Entitlements will be determined in early 2008, effective January 1, 2007, once audited results of the 40 net new restaurants are known.

<sup>(2)</sup> Issued effective January 1, 2008.

<sup>(3)</sup> Holdback of Additional Entitlements from 34 restaurants added to Royalty Pool on January 1, 2008. Actual number of Additional Entitlements will be determined in early 2009, effective January 1, 2008, once audited results of the 34 restaurants are known.

The Trustees of the Fund have approved the contents of this news release.

FOR FURTHER INFORMATION PLEASE CONTACT:

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