



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA INTERNATIONAL ADDS 14 NEW RESTAURANTS OPENED IN 2014
TO THE ROYALTY POOL OF BOSTON PIZZA ROYALTIES INCOME FUND**

VANCOUVER, BC, JANUARY 2, 2015 - Boston Pizza Royalties Income Fund (the "Fund") (TSX: BPF.UN) and Boston Pizza International Inc. ("BPI") announced today that effective January 1, 2015, the Fund's royalty pool (the "Royalty Pool") has been adjusted to include the royalties from 14 new full service restaurants opened across Canada between January 1, 2014 and December 31, 2014 (the "Period"). Six full service restaurants were permanently closed during the Period. With the adjustment for these openings and closures during 2014, the Royalty Pool now includes 366 Boston Pizza restaurants. This is the thirteenth consecutive annual increase of royalties payable to the Fund.

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 adjusted to include the new Boston Pizza restaurants that opened, and to remove Boston Pizza restaurants that permanently closed, in the prior year.

"We are very pleased with the 14 new Boston Pizza restaurants opened in 2014, including eight in Western Canada and six in Ontario. These new locations further strengthen our position as Canada's number one casual dining brand." said Mark Pacinda, President and Chief Executive Officer of BPI. "Since the inception of the Fund, 212 net new Boston Pizza restaurants have been added to the Royalty Pool, growing from 154 in 2002 to 366 locations across the country today."

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 that permanently closed since the last Adjustment Date. In return for adding net additional royalty revenue, BPI receives the right to indirectly acquire additional units of the Fund ("Additional Entitlements"). The adjustment for net additional royalty revenue added to the Royalty Pool is designed to be accretive to unitholders. The Additional Entitlements are calculated at 92.5% of the estimated net royalty revenue added to the Royalty Pool, multiplied by one minus the estimated effective average tax rate (expressed as a decimal) that the Fund will pay during that year, 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 both the actual full year performance of the new restaurants and the effective average tax rate paid by the Fund are 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 each of the royalty revenues of these restaurants received from BPI and the effective average tax rate paid by the Fund is performed. At such time, an adjustment is made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

In return for adding the royalty revenue from the 14 new restaurants to the Royalty Pool, less revenue from the six permanent closures, BPI has received 298,818 Additional Entitlements. The 298,818 represents 80% (373,523 represents 100%) of the Additional Entitlements with the balance to be received (as adjusted) by BPI when both the actual full year performance of the new restaurants and the effective average tax rate paid by the Fund are known with certainty. The 298,818 Additional Entitlements represents 1.7% of the Fund units on a fully diluted basis. The full 373,523 Additional Entitlements would represent 2.1% of the Fund on a fully diluted basis. Including the 373,523 Additional Entitlements described above, BPI has the right to acquire 2,318,386 Fund Units, representing 13.0% of the Fund Units on a fully diluted basis. The issuance of the Additional Entitlements to BPI is subject to approval by the Toronto Stock Exchange.

The estimated annual gross franchise revenue for the 14 new restaurants in 2015 is \$23.6 million. Pursuant to the Amended and Restated Limited Partnership Agreement governing Boston Pizza Royalties Limited Partnership, BPI is required to deduct from this amount the actual gross franchise revenue received from the six permanently closed restaurants during the first 12 month period immediately following their addition to the Royalty Pool, which is \$6.9 million. Consequently, the estimated annual net franchise revenue for the new restaurants in 2015 is \$16.7 million. The estimated 4% royalty revenue the Fund will receive in 2015 from these additional new restaurants is \$0.7 million. The pre-tax royalty revenue for the purposes of calculating the Additional Entitlements, therefore, is approximately \$0.6 million or 92.5%. The estimated effective average tax rate that the Fund will pay in the calendar year 2015 is 26.0%. Accordingly, the after-tax royalty revenue for the purposes of calculating the Additional Entitlements is approximately \$0.5 million (\$0.6 million x (1 - 0.26)). Once both the actual performance of these new restaurants for 2015 and the actual effective average tax rate paid by the Fund for 2015 are known, the number of Additional Entitlements will be adjusted in 2016 to reflect the actual royalty

revenue received by the Fund in 2015 and the actual effective average tax rate paid by the Fund in 2015. As of January 1, 2015, there are 366 restaurants in the Royalty Pool.

Summary of Boston Pizza Royalties Income Fund Units

	Issued & Outstanding Units, & Additional Entitlements	Issued & Outstanding Units, Additional Entitlements, & Holdback of Additional Entitlements
Issued and Outstanding Units as of December 31, 2014	15,448,150	15,448,150
BPI Additional Entitlements - Outstanding as of December 31, 2014	1,855,925	1,855,925
BPI Additional Entitlements - Holdback as of December 31, 2014	N/A	88,938
Number of Fully Diluted Units as of December 31, 2014	17,304,075	17,393,013
Issued and Outstanding Units as of December 31, 2014 & January 1, 2015	15,448,150	15,448,150
BPI Additional Entitlements - Outstanding as of December 31, 2014	1,855,925	1,855,925
BPI Additional Entitlements - Holdback as of December 31, 2014	N/A	88,938
BPI Additional Entitlements - Issued & Outstanding as of January 1, 2015 (8 net new Restaurants added to Royalty Pool)	298,818	298,818
BPI Additional Entitlements - Holdback as of January 1, 2015 (8 net new Restaurants added to Royalty Pool)	N/A	74,705
Number of Fully Diluted Units as of January 1, 2015	17,602,893	17,766,536
BPI Total Ownership as of January 1, 2015	12.2%	13.0%
BPI Ownership based on <u>only</u> the 8 net new Restaurants added to Royalty Pool as of January 1, 2015	1.7%	2.1%

(1) Additional Entitlements from the 10 net new restaurants added to Royalty Pool on January 1, 2014 determined in 2015, once audited results of the 10 net new restaurants and actual effective average tax rate paid by the Fund are known.

(2) Issued effective January 1, 2015.

(3) Holdback of Additional Entitlements from 8 net new restaurants added to Royalty Pool on January 1, 2015. Actual number of Additional Entitlements will be determined in early 2016, effective January 1, 2015, once audited results of the 8 net new restaurants and actual effective average tax rate paid by the Fund are known.

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 Holdings Limited Partnership, Boston Pizza Holdings GP Inc., Boston Pizza Royalties Limited Partnership, Boston Pizza GP Inc., BPI, Boston Pizza restaurants, or industry results, to be materially different from any future results, performance or achievement 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 the estimated annual gross franchise revenue received from the 14 new Boston Pizza restaurants that opened in 2014 and the estimated effective average tax rate that will be paid by the Fund for 2015 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 Boston Pizza Royalties Limited 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 third quarter of 2014 available at www.sedar.com and www.bpincomefund.com.

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

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