



For Immediate Release

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BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES SYSTEM-WIDE GROSS SALES RECORDS OF \$241 MILLION FOR THE FOURTH QUARTER AND \$975 MILLION FOR THE YEAR

Top line results for 2013 driven by 12 new restaurant openings and 1.5% Same Store Sales Growth

Highlights

- Record System-Wide Gross Sales¹ for the Period of \$241.5 million and for the Year of \$974.8 million.
- Franchise Sales² from royalty pool restaurants for the Period of \$183.7 million and for the Year of \$755.4 million.
- Same store sales growth of 1.5% and Distributable Cash³ per Unit increase of 2.0% for the Year despite comparably poor weather and challenging economic conditions experienced in the latter part of 2013.
- Trustees declare January 2014 distribution to unitholders of 10.2 cents per Unit.
- Boston Pizza opened 12 new full service restaurant locations in 2013, including six in Western Canada, four in Ontario and two in Quebec.

VANCOUVER, BC, February 7, 2014 - Boston Pizza Royalties Income Fund (the “Fund”) and Boston Pizza International Inc. (“BPI”) reported financial results today for the fourth quarter period from October 1, 2013 to December 31, 2013 (the “Period”) and for the fiscal year period from January 1, 2013 to December 31, 2013 (the “Year”). A copy of this press release, the annual consolidated 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 February 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 March 6, 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 negative 1.5% for the Period and positive 1.5% for the Year compared to positive 2.2% and positive 3.3%, respectively, for the same periods in 2012. Franchise Sales, the basis upon which royalties are paid by BPI to the Fund, exclude revenue from the sale of liquor, beer, wine and tobacco and approved national promotions and discounts. On a Franchise Sales basis, SSSG was negative 2.3% for the Period and positive 1.4% for the Year compared to positive 3.0% and positive 3.4%, respectively, for the same periods in 2012. The negative SSSG for the Period was principally due to poor weather experienced in many parts of the country as well as challenging general economic conditions. Positive SSSG for the Year was principally due to higher take-out and delivery sales resulting from continued promotion of Boston Pizza’s online ordering system and menu re-pricing partially offset by the challenges noted above experienced in the latter part of the Year. Franchise Sales of restaurants in the royalty pool were \$183.7 million for the Period and \$755.4 million for the Year compared to \$185.2 million and \$731.5 million in the same periods, respectively, in 2012. The decrease in Franchise Sales for the Period is attributed to the negative SSSG. The increase in Franchise Sales for the Year is attributed to the positive SSSG and the addition of five net new restaurants to the Fund’s royalty pool on January 1, 2013.

“We are pleased with Boston Pizza’s record system-wide sales of \$975 million for 2013, which was achieved through positive same store sales growth and the opening of 12 new full service Boston Pizza restaurants during the Year” said Mark Pacinda, President and CEO of BPI. “These record results were reached despite some challenges in 2013 including comparably poorer weather in many parts of the country and a weakening of general economic conditions that has negatively impacted Canadian retail sales, particularly in the second half of 2013.”

The Fund’s net income was \$8.2 million for the Period and \$14.8 million for the Year compared to \$4.3 million for the fourth quarter of 2012 and \$2.0 million in 2012. The \$3.9 million increase in net income for the Period was driven mainly by the net \$3.7 million difference in fair value adjustments on the class B general partner units of Boston Pizza Royalties Limited Partnership (the “Class B Unit liability”) and interest rate swaps. The \$12.8 million increase in net income for the Year was driven mainly by the net \$11.5 million difference in fair value adjustments

on the Class B Unit liability and interest rate swaps together with a \$0.9 million increase in revenue. The Fund's net income under International Financial Reporting Standards ("**IFRS**") contains non-cash items, such as the fair value adjustments on the Class B Unit liability and interest rate swaps, 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 Ratio⁴ 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 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 Management's Discussion and Analysis for the Period.

The Fund's Distributable Cash was \$4.4 million or \$0.292 per unit of the Fund ("**Unit**") for the Period and \$18.4 million or \$1.208 per Unit for the Year compared to \$4.5 million or \$0.303 per Unit and \$17.4 million or \$1.184 per Unit for the same periods, respectively, in 2012. This represents a decrease to Distributable Cash of 3.4% for the Period and an increase to Distributable Cash of 6.1% for the Year compared to the same periods, respectively, one year ago. The decreases in Distributable Cash and Distributable Cash per Unit for the Period are attributed to negative SSSG in the Period. The increases in Distributable Cash for the Year are attributed to positive SSSG and BPI's exchange of class B general partner units of Boston Pizza Royalties Limited Partnership into 1,000,000 Fund Units on November 23, 2012. The increase in Distributable Cash on a per Unit basis for the Year is attributed to higher royalty revenue. Distributions for the Period were funded entirely by cash flow from operations. No debt was incurred at any point during the Period or the Year to fund distributions.

The Fund's Payout Ratio was 104.9% for the Period and 100.8% for the Year compared to 98.7% and 99.3%, respectively, in the same periods one year ago. The Fund's Payout Ratio for the Period increased compared to the same period one year ago due to the decrease in Distributable Cash and the increase in distributions payable. 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. 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 January 2014. The distribution will be payable to unitholders of record at the close of business on February 21, 2014 and will be paid on February 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 January 2014 distribution, which will be paid in February 2014, the Fund will have paid out 139 consecutive monthly distributions totalling \$177.7 million or \$14.10 per Unit.

FINANCIAL SUMMARY

The tables below set out selected information from the Fund's annual consolidated financial statements together with other data and should be read in conjunction with the annual consolidated financial statements of the Fund for the years ended December 31, 2013 and 2012.

	Q4 2013	Q4 2012	2013	2012
(in thousands of dollars – except restaurants, SSSG, Payout Ratio ⁴ and per Unit items)				
System-wide Gross Sales ¹	241,488	239,764	974,837	943,053
Number of restaurants in Royalty Pool ⁵	346	341	346	341
Franchise Sales ² reported by restaurants in the Royalty Pool	183,742	185,197	755,420	731,455
Revenues				
Royalty revenue – 4% of Franchise Sales ²	7,350	7,408	30,217	29,258
Interest income	453	453	1,811	1,814
Total revenues	7,803	7,861	32,028	31,072
Expenses				
Administrative expenses and interest on bank debt	(572)	(462)	(2,104)	(2,067)
Interest expense on Class B Units and Class C Units ⁶	(1,897)	(1,978)	(5,525)	(6,295)
Fair value adjustment on Class B Unit liability ⁷	4,598	633	(3,424)	(14,867)
Fair value adjustment on interest rate swap	(198)	69	227	136
Subtotal	1,931	(1,738)	(10,826)	(23,093)
Current income tax expense	(1,441)	(1,421)	(6,039)	(5,423)
Deferred income tax expense	(60)	(360)	(350)	(510)
Total expenses	430	(3,519)	(17,215)	(29,026)
Net Income				
Net income	8,233	4,342	14,813	2,046
Basic earnings per Unit	0.55	0.29	0.97	0.14
Diluted earnings per Unit	0.23	0.23	0.97	0.14
Distributable Cash³ / Distributions / Payout Ratio⁴				
Cash flows from operating activities	6,038	6,221	24,908	19,062
Class C distributions to BPI	(450)	(450)	(1,800)	(1,800)
BPI Class B entitlement	(992)	(986)	(3,725)	(4,495)
Interest paid on long-term debt	(297)	(215)	(1,002)	(887)
SIFT tax on Units ⁸	85	(31)	49	5,492
Distributable Cash ³	4,384	4,539	18,430	17,372
Distributions payable ⁹	4,599	4,480	18,569	12,244
Payout Ratio ⁴	104.9%	98.7%	100.8%	99.3%
Distributable Cash per Unit ³	0.292	0.303	1.208	1.184
Distributions payable per Unit ⁹	0.306	0.294	1.220	1.170
Other				
Same store sales growth	(1.5%)	2.2%	1.5%	3.3%
Number of restaurants opened during the period	7	4	12	7
Number of restaurants closed during the period	0	0	2	2
			Dec 31, 2013	Dec 31, 2012
Total assets			268,945	264,632
Total liabilities			119,726	99,353

	Q4 2013	Q3 2013	Q2 2013	Q1 2012
(in thousands of dollars – except restaurants, Payout Ratio ⁴ and per Unit items)				
System-wide Gross Sales ¹	241,488	246,627	250,398	236,324
Number of restaurants in Royalty Pool ⁵	346	346	347	348
Franchise Sales ² reported by restaurants in the Royalty Pool	183,742	191,510	193,830	186,338
<u>Revenues</u>				
Royalty revenue – 4% of Franchise Sales ²	7,350	7,660	7,753	7,454
Interest income	453	453	452	453
Total revenues	7,803	8,113	8,205	7,907
<u>Expenses</u>				
Administrative expenses and interest on bank debt	(572)	(545)	(510)	(477)
Interest on Class B Units and Class C Units ⁶	(1,897)	(1,365)	(1,365)	(898)
Fair value adjustment on Class B Unit liability ⁷	4,598	(1,166)	(1,144)	(5,712)
Fair value adjustment on interest rate swap	(198)	(136)	650	(89)
Subtotal	1,931	(3,212)	(2,369)	(7,176)
Current income tax expense	(1,441)	(1,529)	(1,606)	(1,463)
Deferred income tax expense	(60)	(60)	(210)	(20)
Total expenses	430	(4,801)	(4,185)	(8,659)
<u>Net Income (loss)</u>				
Net income (loss)	8,233	3,312	4,020	(752)
Basic earnings (loss) per Unit	0.55	0.22	0.26	(0.05)
Diluted earnings (loss) per Unit	0.23	0.22	0.26	(0.05)
<u>Distributable Cash³ / Distributions / Payout Ratio⁴</u>				
Cash flows from operating activities	6,083	6,482	6,572	5,815
Class C distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B entitlement	(992)	(917)	(915)	(903)
Interest paid on long-term debt	(297)	(276)	(216)	(213)
SIFT tax on Units ⁷	85	53	(156)	67
Distributable cash ³	4,384	4,892	4,835	4,316
Distributions payable ⁹	4,599	4,604	4,673	4,692
Payout Ratio ⁴	104.9%	94.1%	96.6%	108.7%
Distributable cash per Unit ³	0.292	0.324	0.315	0.277
Distributions payable per Unit ⁹	0.306	0.306	0.306	0.302

	Q4 2012	Q3 2012	Q2 2012	Q1 2012
(in thousands of dollars – except restaurants, Payout Ratio ⁴ and per Unit items)				
System-wide Gross Sales ¹	239,764	239,269	237,955	226,065
Number of restaurants in Royalty Pool ⁵	341	341	341	342
Franchise Sales ² reported by restaurants in the Royalty Pool	185,197	186,084	183,593	176,581
<u>Revenues</u>				
Royalty revenue – 4% of Franchise Sales ²	7,408	7,443	7,344	7,063
Interest income	453	453	453	455
Total revenues	7,861	7,896	7,797	7,518
<u>Expenses</u>				
Administrative expenses and interest on bank debt	(462)	(616)	(512)	(477)
Interest expense on Class B Units and Class C Units ⁶	(1,978)	(1,628)	(1,628)	(1,061)
Fair value adjustment on Class B Unit liability ⁷	633	(5,890)	1,953	(11,563)
Fair value adjustment on interest rate swap	69	67	-	-
Subtotal	(1,738)	(8,067)	(187)	(13,101)
Current income tax expense	(1,421)	(1,350)	(1,351)	(1,301)
Deferred income tax expense	(360)	(60)	(70)	(20)
Total expenses	(3,519)	(9,477)	(1,608)	(14,422)
<u>Net Income (loss)</u>				
Net income (loss)	4,342	(1,581)	6,189	(6,904)
Basic earnings (loss) per Unit	0.29	(0.11)	0.42	(0.47)
Diluted earnings (loss) per Unit	0.23	(0.11)	0.24	(0.47)
<u>Distributable Cash³ / Distributions / Payout Ratio⁴</u>				
Cash flows from operating activities	6,221	6,319	6,188	334
Class C distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B entitlement	(986)	(1,211)	(1,178)	(1,154)
Interest paid on long-term debt	(215)	(130)	(285)	(257)
SIFT tax on Units ⁸	(31)	-	(1)	5,524
Distributable cash ³	4,539	4,528	4,274	3,997
Distributions payable ⁹	4,480	4,284	4,284	4,196
Payout Ratio ⁴	98.7%	94.6%	100.2%	105.0%
Distributable cash per Unit ³	0.303	0.311	0.293	0.274
Distributions payable per Unit ⁹	0.294	0.294	0.294	0.288

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 12 new Boston Pizza restaurants opened in 2013 and the additional two that are under construction to date in 2014. 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, Boston Pizza Royalties Limited Partnership (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 the 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, speed of permitting, 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 most recent Management's Discussion and Analysis for the Period available at www.sedar.com and www.bpincomefund.com. The trustees of the Fund have approved the contents of this press release.

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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 tobacco 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 tobacco 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.

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.

5 Number of restaurants in the Royalty Pool excludes restaurants that permanently closed during the applicable period.

6 The Class B general partner units of the Partnership (the "Class B Units") and the Class C general partner units of the Partnership (the "Class C Units") are classified as financial liabilities under IFRS, and as such, amounts paid by the Partnership to BPI in respect of the Class B Units and Class C Units are classified as interest expense and not distributions.

7 The Fund is required under IFRS to fair value the Class B Unit liability at the end of each period and adjust for any increase or decrease in the fair value of that liability as compared to the fair value of that liability at the end of the immediately preceding period. This adjustment has no impact on the Fund's Distributable Cash.

8 Specified Investment Flow through tax ("SIFT Tax") on Units is the SIFT Tax expense for the respective period (as a negative number) plus the amount of SIFT Tax paid in the respective period.

9 Under the declaration of trust governing the Fund, the Fund pays distributions on the Units in respect of any particular calendar month not later than the last business day of the immediately subsequent month. Accordingly, distributions on the Units in respect of the calendar month of January are paid no later than the last business day of February, distributions on the Units in respect of the calendar month of February are paid no later than the last business day of March and so forth. Consequently, distributions payable by the Fund on the Units in respect of the Period (as defined herein) were the October 2013 distribution (which was paid on November 29, 2013), the November 2013 distribution (which was paid on December 31, 2013) and the December 2013 distribution (which was paid on January 31, 2014). Similarly, the distributions payable by the Fund on the Units in respect of any other period are the distributions paid in the immediately subsequent month of each month comprising such other period.