



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES FIRST QUARTER 2015 RESULTS AND A 6.2% INCREASE TO CASH DISTRIBUTIONS TO UNITHOLDERS**

*Distributable Cash per Unit increases 5.5% in Q1, 2015*

Highlights

- System-Wide Gross Sales<sup>1</sup> for the Period of \$248.7 million, an increase of \$10.7 million versus the same period one year ago.
- Franchise Sales<sup>2</sup> from royalty pool restaurants for the Period of \$193.4 million, an increase of \$7.0 million or 3.8% versus the same period one year ago, and same store sales growth of 2.1% for the Period.
- Distributable Cash<sup>3</sup> per Unit increases 5.5% for the Period.
- Eight net new Boston Pizza restaurants opened in 2014 and were added to the Fund's royalty pool on January 1, 2015.
- Trustees declare April 2015 distribution to unitholders of 10.83 cents per Unit, an increase of 0.63 cents or 6.2%, marking the 17<sup>th</sup> increase in the rate of distributions to unitholders since the inception of the Fund in July, 2002.

VANCOUVER, BC, May 8, 2015 - Boston Pizza Royalties Income Fund (the "Fund") and Boston Pizza International Inc. ("BPI") reported financial results today for the first quarter period from January 1, 2015 to March 31, 2015 (the "Period"). 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](http://www.sedar.com) and [www.bpincomefund.com](http://www.bpincomefund.com). The Fund will host a conference call to discuss the results on May 8, 2015 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 June 8, 2015 by dialling 1-855-669-9658 or 604-674-8052 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 positive 2.1% for the Period compared to negative 1.7% for the same period in 2014. Franchise Sales, the basis upon which royalties are paid by BPI to the Fund, exclude revenue from the sale of liquor, beer, wine and approved national promotions and discounts. On a Franchise Sales basis, SSSG was positive 1.9% for the Period compared to negative 1.9% for the same period in 2014. The positive SSSG for the Period 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. Franchise Sales of restaurants in the royalty pool were \$193.4 million for the Period compared to \$186.4 million in the same period in 2014. The \$7.0 million increase in Franchise Sales for the Period is attributed to additional Franchise Sales from eight net new store openings during 2014 that were added to the Fund's royalty pool on January 1, 2015 and positive SSSG in the Period.

"We are very pleased to announce a 6.2% increase to monthly cash distributions to unitholders of the Fund, beginning with the distribution to be paid on May 29, 2015. This distribution increase is a direct result of the Fund's accretive transaction, which closed on May 6, 2015, under which it effectively acquired an additional 1.5% of franchise revenues from BPI and it marks the 17<sup>th</sup> time that the Fund has increased distributions since the initial public offering in 2002" said Mark Pacinda, President and CEO of BPI. "For the first quarter of 2015, highlights included positive SSSG, the opening of two new Boston Pizza restaurants and the launch of our new marketing campaign using the tagline 'We'll Make You a Fan'."

The Fund's net and comprehensive income was \$3.5 million for the Period compared with \$6.4 million for the first quarter of 2014. The \$2.9 million decrease in net income for the Period was due to a net \$3.3 million change in fair value adjustments, partially offset by a \$0.2 million decrease in income taxes and a \$0.2 million increase in Royalty income. 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 Ratio<sup>4</sup> 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 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’s Distributable Cash was \$4.4 million or \$0.287 per unit of the Fund (“Unit”) for the Period compared to \$4.1 million or \$0.272 per Unit for the same period in 2014. This represents an increase to Distributable Cash and Distributable Cash per Unit of 7.1% and 5.5%, respectively, for the Period primarily due to an increase in cash flow from operating activities due to an increase in Royalty income. No debt was incurred at any point during the Period to fund distributions.

The Fund’s Payout Ratio was 106.8% for the Period compared to 115.1% in the same period one year ago. The Fund’s Payout Ratio for the Period decreased compared to the same period one year ago due to the increases in Distributable Cash, as discussed above, combined with a decrease in distributions paid in respect of the Period. The decrease in distributions paid in respect of the Period compared with the first quarter of 2014 was due to the Fund repurchasing and cancelling Units under its normal course issuer bid activities, partially offset by the increase in the number of Units outstanding as a result of BPI having exchanged 2,036,135 class B general partner units of Boston Pizza Royalties Limited Partnership for 790,006 units on March 10, 2014. 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 with 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 98.2% as at March 31, 2015. A key feature of the Fund is that it is a “top line” structure, in which BPI pays the Fund an amount based on 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.

On May 5, 2015, the unitholders of the Fund approved a transaction pursuant to which the Fund’s interest in Franchise Sales of Boston Pizza restaurants in Canada increased by 1.5% (less the pro rata portion payable to BPI in respect of its retained interest in the Fund) (the “**Transaction**”). In effect, Royalty income will increase to 5.5% of Franchise Sales, less the pro rata portion payable to BPI in respect of its retained interest in the Fund. Please refer to the Fund’s Information Circular dated March 27, 2015 and the Final Short Form Prospectus dated April 7, 2015, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com), for a more detailed description of the Transaction.

On May 7, 2015 the trustees of the Fund approved a cash distribution to unitholders of 10.83 cents per Unit for April 2015, an increase of 6.2% versus the previous level of monthly distributions of 10.20 cents per Unit. This marks the 17<sup>th</sup> increase in the rate of distributions to unitholders since the inception of the Fund in July, 2002. The distribution will be payable to unitholders of record at the close of business on May 21, 2015 and will be paid on May 29, 2015. The Fund periodically reviews distribution levels based on its policy of stable and sustainable distribution flow to unitholders. Including the April 2015 distribution, which will be paid in May 2015, the Fund will have paid out 154 consecutive monthly distributions totalling \$202.7 million or \$15.64 per Unit since the Fund’s initial public offering in 2002.

## FINANCIAL SUMMARY

The tables below set out selected information from the Fund's 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 periods ended March 31, 2015 and 2014.

## FINANCIAL HIGHLIGHTS

<i>For the periods ended March 31</i>	Q1 2015	Q1 2014
<i>(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)</i>		
System-Wide Gross Sales	248,671	238,008
Number of restaurants in Royalty Pool	366	358
Franchise Sales reported by restaurants in the Royalty Pool	193,409	186,388
Royalty income	7,736	7,456
Interest income	452	452
Total revenue	8,188	7,908
Administrative expenses	(250)	(260)
Interest expense on debt	(371)	(293)
Interest expense on Class B Unit and Class C Unit liabilities	(933)	(945)
Profit before fair value adjustments and income taxes	6,634	6,410
Fair value adjustment on Class B Unit liability	(1,054)	1,930
Fair value adjustment on interest rate swaps	(545)	(270)
Current and deferred income tax expense	(1,516)	(1,693)
Net and comprehensive income for the period	3,519	6,377
Basic earnings per Unit	0.23	0.42
Diluted earnings per Unit	0.23	0.25
<u>Distributable Cash / Distributions / Payout Ratio</u>		
Cash flows from operating activities	6,069	5,821
Class C Unit distributions to BPI	(450)	(450)
BPI Class B Unit entitlement	(949)	(913)
Interest paid on long-term debt	(327)	(350)
SIFT Tax on Units	84	27
Distributable Cash	4,427	4,135
Distributions paid in respect of the period	4,726	4,760
Payout Ratio	106.8%	115.1%
Distributable Cash per Unit	0.287	0.272
Distributions per Unit	0.306	0.306
<u>Other</u>		
Same store sales growth	2.1%	(1.7%)
Number of restaurants opened during the period	2	0
Number of restaurants closed during the period	2	2
	Mar 31, 2015	Dec 31, 2014
Total assets	286,585	278,821
Total liabilities	130,632	123,153

### 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 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.
- 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.
- 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.
- 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.
- Other capitalized terms used in these tables are defined in the Fund's Management's Discussion and Analysis for the Period.
- 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

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)				
System-Wide Gross Sales	248,671	260,240	258,716	255,002
Number of restaurants in Royalty Pool	366	358	358	358
Franchise Sales reported by restaurants in the Royalty Pool	193,409	197,531	201,369	196,627
Royalty income	7,736	7,902	8,054	7,865
Interest income	452	454	452	453
Total revenue	8,188	8,356	8,506	8,318
Administrative expenses	(250)	(262)	(237)	(263)
Interest expense on debt	(371)	(370)	(331)	(307)
Interest expense on Class B Unit and Class C Unit liabilities	(933)	(1,637)	(1,247)	(1,194)
Profit before fair value adjustments and income taxes	6,634	6,087	6,691	6,554
Fair value adjustment on Class B Unit liability	(1,054)	(1,672)	19	(2,392)
Fair value adjustment on interest rate swaps	(545)	(101)	7	(37)
Current and deferred income tax expense	(1,516)	(1,684)	(1,715)	(1,681)
Net and comprehensive income for the period	3,519	2,630	5,002	2,444
Basic earnings per Unit	0.23	0.17	0.32	0.16
Diluted earnings per Unit	0.23	0.17	0.28	0.16
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows from operating activities	6,069	6,369	6,909	6,458
Class C Unit distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B Unit entitlement	(949)	(779)	(833)	(741)
Interest paid on long-term debt	(327)	(374)	(332)	(299)
SIFT Tax on Units	84	10	(60)	(41)
Distributable Cash	4,427	4,776	5,234	4,927
Distributions paid in respect of the period	4,726	4,727	4,769	4,799
Payout Ratio	106.8%	99.0%	91.1%	97.4%
Distributable Cash per Unit	0.287	0.309	0.335	0.313
Distributions per Unit	0.306	0.306	0.306	0.306
<u>Other</u>				
Same store sales growth	2.1%	5.3%	3.1%	(0.1%)
Number of restaurants opened during the period	2	9	3	2
Number of restaurants closed during the period	2	1	2	1

## SUMMARY OF QUARTERLY RESULTS (continued)

	Q1 2014	Q4 2013	Q3 2013	Q2 2013
(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)				
System-Wide Gross Sales	238,008	241,488	246,627	250,398
Number of restaurants in Royalty Pool	358	348	348	348
Franchise Sales reported by restaurants in the Royalty Pool	186,388	183,742	191,510	193,830
Royalty income	7,456	7,350	7,660	7,753
Interest income	452	453	453	452
Total revenue	7,908	7,803	8,113	8,205
Administrative expenses	(260)	(274)	(250)	(263)
Interest expense on debt	(293)	(298)	(295)	(247)
Interest expense on Class B Unit and Class C Unit liabilities	(945)	(1,897)	(1,365)	(1,365)
Profit before fair value adjustments and income taxes	6,410	5,334	6,203	6,330
Fair value adjustment on Class B Unit liability	1,930	4,598	(1,166)	(1,144)
Fair value adjustment on interest rate swaps	(270)	(198)	(136)	650
Current and deferred income tax expense	(1,693)	(1,501)	(1,589)	(1,816)
Net and comprehensive income for the period	6,377	8,233	3,312	4,020
Basic earnings per Unit	0.42	0.55	0.22	0.26
Diluted earnings per Unit	0.25	0.23	0.22	0.26
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows from operating activities	5,821	6,039	6,482	6,572
Class C Unit distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B Unit entitlement	(913)	(992)	(915)	(915)
Interest paid on long-term debt	(350)	(297)	(276)	(216)
SIFT Tax on Units	27	85	53	(156)
Distributable Cash	4,135	4,385	4,894	4,835
Distributions paid in respect of the period	4,760	4,599	4,605	4,673
Payout Ratio	115.1%	104.9%	94.1%	96.6%
Distributable Cash per Unit	0.272	0.292	0.324	0.315
Distributions per Unit	0.306	0.306	0.306	0.306
<u>Other</u>				
Same store sales growth	(1.7%)	(1.5%)	0.8%	3.6%
Number of restaurants opened during the period	0	7	1	4
Number of restaurants closed during the period	2	0	1	1

## 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 continuing to achieve positive SSSG and opening 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, the franchise agreement governing each Boston Pizza Restaurant requires 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 one net new Boston Pizza restaurant that has opened to date in 2015 and three new locations currently under construction with more planned for later in 2015. BPI's management believes 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 Canada 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](http://www.sedar.com) and [www.bpincomefund.com](http://www.bpincomefund.com).

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

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