



For Immediate Release

The Toronto Stock Exchange: BPF.UN

BOSTON PIZZA ROYALTIES INCOME FUND & BOSTON PIZZA INTERNATIONAL INC.
ANNOUNCE 2005 FIRST QUARTER RESULTS

Boston Pizza has a Strong Start to 2005
First Quarter Same Store Sales Growth 4.8%
Distributions up 11.8% over First Quarter 2004
Boston Pizza Adopts AcG-15, Consolidation of Variable Interest Entities

VANCOUVER, BC, (May 16, 2005) - Boston Pizza Royalties Income Fund (the "Fund") and Boston Pizza International Inc. ("BPI") each reported today first quarter financial results for the period of January 1, 2005 to March 31, 2005 (the "Period"). A copy of the combined 2005 first quarter report is available at www.sedar.com and www.bpincomefund.com.

Boston Pizza is pleased to announce a positive start to 2005, posting 4.8% same store sales growth ("SSSG") over the same period in 2004. Overall growth in Franchise Sales, a combination of new store openings and SSSG, was 15.1%. Royalty income for the Period was \$3,551,219 and distributions of \$0.19 per unit were declared. Distributions declared per unit rose during the Period by 11.8% compared with the first quarter of 2004 in which distributions declared were \$0.17 per unit. The current monthly distribution translates into an annualized distribution of \$1.16.

Boston Pizza continued to expand its presence across Canada opening three new Boston Pizza restaurants during the Period, with no restaurants being closed. As well, two restaurants were renovated during the Period. Subsequent to the Period an additional two restaurants were opened. As of May 10, 2005 BPI has 200 restaurants open across Canada.

"Same Store Sales Growth, the key driver for growth of the Fund, continues to be strong across the country," said Mike Cordoba, Chief Executive Officer for BPI and a Director of Boston Pizza GP Inc. Cordoba also noted, "The focus of our team continue to be to execute our Three Pillars of Success Operating Strategy which focuses on franchisee profitability, building the Boston Pizza brand, and delivering an outstanding guest experience."

Boston Pizza Adopts AcG-15 Consolidation of Variable Interest Entities.

As a result of reviewing AcG-15 and discussion with external auditors, the Fund and BPI have adopted the new guideline, Consolidation of Variable Interest Entities, during the quarter. "While adoption of this new guideline is required in accordance with generally accepted accounting principles, please note that this is a change in the basis of accounting only." said Mark Powell, Chief Financial Officer of BPI and a Director of Boston Pizza GP Inc. Powell went on to emphasize that "The business of the Fund and BPI will be conducted exactly as in the past. Earnings and distributable cash are unaffected by this accounting presentation change."

HIGHLIGHTS

The following table sets out selected historical information and other data of the Fund, which should be read in conjunction with the attached consolidated financial statements of the Fund.

	January 1, 2005 to March 31, 2005	January 1, 2004 to March 31, 2004
(in thousands of dollars –except restaurants and per unit items)		
Restaurants in Royalty Pool	195	177
Franchise Sales reported by restaurants in Royalty Pool	\$88,780	\$77,140
Royalty Income – 4% of Franchise Sales of Royalty Pool Restaurants	\$3,551	\$3,086
Administrative and interest expenses	\$196	\$157
Partnership earnings for the period before undernoted	\$3,355	\$2,929
BPI's Interest	\$1,332	\$1,203
Equity income related to BPI royalties earned by the Fund	\$2,023	\$1,726
Interest Income	\$450	\$451
Net Earnings	\$2,473	\$2,177
Basic and diluted earnings per Fund unit	\$0.27	\$0.26
Distributions declared per Fund unit	\$0.19	\$0.17
Same Store Sales Growth	4.8%	8.8%
Number of restaurants opened during Period	3	3
Number of restaurants closed during Period	0	0

Outlook

Going forward BPI management continues to focus on opening new stores and delivering industry-leading SSSG. SSSG, the primary source of revenue growth for individual unitholders, will continue to be achieved through executing effective national and local marketing promotions, superior customer service, and Boston Pizza's unique renovation program, which requires each Boston Pizza location conduct a full renovation every seven years. BPI anticipates that a total of 15 renovations will be completed in 2005 and that 25 new restaurants will be opened.

We remain confident that Boston Pizza will continue to enhance its position as Canada's Number One Casual Dining Brand.

Certain statements in this quarterly report may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this quarterly report such statements are such words as "may", "will", "expect", "believe", "plan", and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this quarterly report. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: competition; changes in demographic trends; changing consumer preferences and discretionary spending patterns; changes in national and local business and economic conditions; legislation and governmental regulation; accounting policies and practices; and the results of operations and financial condition of BPI. The foregoing list of factors is not exhaustive.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Balance Sheets

	March 31, 2005	December 31, 2004
	(unaudited)	(change in basis of presentation - note 1)
Assets		
Current assets:		
Cash	\$ 1,371	\$ 1,356
Interest receivable on note receivable from Boston Pizza International Inc.	150,000	150,000
Distributions receivable	-	694,068
	151,371	845,424
Note receivable from Boston Pizza International Inc.	24,000,000	24,000,000
Investment in Boston Pizza Royalties Limited Partnership (note 3)	73,028,692	58,248,866
	\$ 97,180,063	\$ 83,094,290
Liabilities and Unitholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 50	\$ 50
Distributions payable to Fund unitholders	-	844,063
	50	844,113
Unitholders' equity	97,180,013	82,250,177
	\$ 97,180,063	\$ 83,094,290

Contingency (note 4)

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statement of Earnings

(Unaudited)

Three months ended March 31, 2005 and 2004

	2005	2004
		(change in basis of presentation - note 1)
Revenue:		
Equity income related to BPI royalties (notes 1, 2(a) and 3)	\$ 2,023,086	\$ 1,726,675
Interest income	450,010	450,010
Net earnings	\$ 2,473,096	\$ 2,176,685
Weighted average units outstanding	9,111,141	8,235,022
Basic and diluted earnings per Fund unit	\$ 0.27	\$ 0.26

Consolidated Statement of Unitholders' Equity

(Unaudited)

Three months ended March 31, 2005 and 2004

	2005	2004
		(changes in basis of presentation - note 1)
Balance, beginning of period	\$ 82,250,177	\$ 70,995,497
Issue of Boston Pizza Royalties Income Fund units	14,237,327	7,894,433
Net earnings	2,473,096	2,176,685
Distributions declared	(1,780,587)	(1,456,268)
Balance, end of period	\$ 97,180,013	\$ 79,610,347

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Consolidated Statement of Cash Flows

(Unaudited)

Three months ended March 31, 2005 and 2004

	2005	2004
		(changes in basis of presentation - note 1)
Cash provided by (used in):		
Operations:		
Net earnings	\$ 2,473,096	\$ 2,176,685
Equity earnings, an item not affecting cash	(2,023,086)	(1,726,675)
Distributions received	2,174,655	1,705,769
	<u>2,624,665</u>	<u>2,155,779</u>
Financing:		
Distributions paid to unitholders	(2,624,650)	(2,155,764)
Increase in cash	15	15
Cash, beginning of period	1,356	1,297
Cash, end of period	<u>\$ 1,371</u>	<u>\$ 1,312</u>
Supplementary information:		
Non-cash financing and investing activities:		
Issuance of Fund units to acquire additional interest in Boston Pizza Royalties Limited Partnership	\$ 14,237,327	\$ 7,894,433

See accompanying notes to consolidated financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to the Consolidated Financial Statements

(Unaudited)

Three month period ended March 31, 2005 and 2004

1. Basis of presentation:

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles. The interim financial statements include all adjustments consisting solely of normal recurring adjustments, which in management's opinion, are necessary for a fair presentation of the financial results of the interim periods presented.

The disclosures in these statements do not include all the disclosure requirements of Canadian generally accepted accounting principles for annual financial statements. These statements should be read in conjunction with the significant accounting policies and other information in the Fund's most recent annual financial statements. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements, except as described below:

In June 2003, the CICA issued Accounting Guideline 15, "*Consolidation of Variable Interest Entities*" ("AcG-15"), requiring the consolidation of variable interest entities ("VIEs"). A VIE is any type of legal structure in which consolidation is required due to contractual or other financial arrangements, as opposed to traditional voting rights, if certain conditions exist. AcG-15 is effective for the Fund starting January 1, 2005 with retroactive application to its comparative results for the prior year.

Boston Pizza Royalties Limited Partnership (the "Partnership") is considered to be a VIE and Boston Pizza International Inc. ("BPI") is the primary beneficiary of the Partnership accordingly, BPI is now required to consolidate the Partnership. In the past, the Partnership was consolidated with the Fund based on its voting rights. The Partnership has been established to acquire and hold the Boston Pizza trademarks and trade names which were previously owned by BPI and used in connection with the operation of Boston Pizza restaurants in Canada (collectively the "BP Rights"). The Partnership, and BPI also entered into a License and Royalty agreement to allow BPI the use of BP Rights for a term of 99 years, for which BPI pays 4% of the Franchise Revenues (as defined) of certain restaurants located in Canada (the "Royalty Pool").

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to the Consolidated Financial Statements

(Unaudited)

Three month period ended March 31, 2005 and 2004

1. Basis of presentation (continued):

The following changes to the consolidated carrying values of the assets and liabilities of the Fund and the results of its operations have arisen as a result of changing the Fund's method of accounting for the Partnership to the equity basis from the consolidation basis. The application of the equity method has resulted in the inclusion of the Partnership assets and liabilities as a one line item on the balance sheet. Previously, under the consolidation method, the assets and liabilities of the Partnership were consolidated with those of the Fund in the Fund's financial statements.

	March 31, 2005	December 31, 2004
Balance Sheet		
Changes in assets:		
Decrease in working capital	\$ 1,264,778	\$ 140,920
Decrease in intangible assets (BP Rights)	138,138,545	122,904,145
Decrease in deferred financing charges	19,700	28,250
Increase in investment in Partnership	73,028,692	58,248,866
	<u>\$ 66,394,331</u>	<u>\$ 64,824,449</u>
Changes in liabilities and unitholders' equity:		
Decrease in term loan	\$ 5,000,000	\$ 5,000,000
Decrease in non-controlling interest	24,150,000	24,000,000
Decrease in Unitholders' equity	37,244,331	35,824,449
	<u>\$ 66,394,331</u>	<u>\$ 64,824,449</u>

Earnings per Fund unit

Earnings per Fund unit are unchanged as a result of this accounting change.

During the fourth quarter of the year ended December 31, 2004, the Company adopted the Canadian Institute of Chartered Accountants recommendations of the Emerging Issues Committee (EIC 151) relating to the presentation of exchangeable securities issued by subsidiaries of income funds. The adoption of EIC 151 during the fourth quarter of 2004 resulted in the inclusion of certain exchangeable shares of the Partnership as part of the Fund's unitholders' equity together with the inclusion of earnings attributable to these interests. As a result of the application of AcG-15, the Partnership is no longer considered, for accounting purposes, to be a subsidiary of the Fund.

The change in accounting for the Fund's investment in Partnership and changes resulting from the application of AcG-15 has not resulted in any change to basic or fully diluted earnings per Fund unit since exchangeable Partnership units and earnings related to these units are no longer included in Fund's financial statements.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to the Consolidated Financial Statements

(Unaudited)

Three month period ended March 31, 2005 and 2004

2. Operations:

- (a) Franchise revenue reported by Boston Pizza Restaurants in the Royalty Pool during the period ended March 31, 2005 is \$88,780,475 (2004 - \$77,140,419).

Equity and interest income earned by the Fund has been derived as follows:

	January 1, 2005 to March 31, 2005	January 1, 2004 to March 31, 2004
(in thousands of dollars, except number of restaurants in the Royalty Pool and earnings per Fund unit)		
Restaurants in the Royalty Pool	195	177
Franchise revenue reported by restaurants in the Royalty Pool	\$ 88,780	\$ 77,140
Royalty income – 4% of Franchise revenue	\$ 3,551	\$ 3,086
Administrative and interest expenses	(196)	(157)
Partnership earnings for the period before undernoted BPI's interest	3,355 (1,332)	2,929 (1,203)
Equity income related to BPI royalties earned by Fund	2,023	1,726
Interest income	450	451
Net earnings	\$ 2,473	\$ 2,177
Basic and diluted earnings per Fund unit	\$ 0.27	\$ 0.26

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to the Consolidated Financial Statements

(Unaudited)

Three month period ended March 31, 2005 and 2004

2. Operations (continued):

- (b) On January 5, 2005, 18 (2004 - 15) new Boston Pizza restaurants opened during the period from November 2, 2003 to November 1, 2004, and were added to the Royalty Pool. The Franchise revenue of these 18 new restaurants has been estimated at \$38.9 million. The total number of restaurants in the Royalty Pool has increased to 195. The yield of the Fund units was determined to be 7.58% calculated using a weighted average unit price of \$14.69. Weighted average unit price is calculated based on the market price of the units traded on the TSX Stock Exchange during the period of twenty consecutive days ending on the fifth trading day before January 1, 2005. As a result of the contribution of the additional net sales to the Royalty Pool, and assuming 100% of the Additional Entitlement, BPI's Additional Entitlement is equivalent to 1,292,182 (2004 - 922,932) Fund units. BPI will also receive a proportionate increase in monthly distributions from the Partnership. Of the Additional Entitlement, 20% (2005 – 258,436 units; 2004 – 184,587 units), remain unissued and are not eligible for conversion to Fund units until January 1, 2006 (2004 units - January 1, 2005) based on the actual performance of the new stores.
- (c) On January 1, 2005, adjustments to royalty payments and Additional Entitlement were made based on the actual performance of fifteen restaurants added to the Royalty Pool on January 1, 2004. Based on these adjustments, BPI received its pro rata portion of the remaining Additional Entitlement, 161,463 Fund units. BPI also repaid an amount of \$25,747 for monthly distributions to the Partnership.
- (d) On February 22, 2005, BPI exchanged 566,616 Class A and 13,859,268 Class B Partnership units for 956,167 Fund units. BPI then sold these Fund units to the public. As of March 31, 2005, there were 9,684,841 Fund units issued and BPI had a 20% indirect interest in the Fund.

BPI has committed to maintain a minimum of 20% indirect interest in the Fund until there are 275 restaurants in the Royalty Pool.

BOSTON PIZZA ROYALTIES INCOME FUND

Notes to the Consolidated Financial Statements

(Unaudited)

Three month period ended March 31, 2005 and 2004

3. Investment in Boston Pizza Royalties Limited Partnership:

Balance as at December 31, 2003	\$ 50,340,846
Acquisition of additional Partnership units by issuing Fund units	7,894,433
Equity income	7,875,677
Distributions received from the Partnership	(7,862,090)
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Balance as at December 31, 2004	58,248,866
Acquisition of additional Partnership units by issuing Fund units	14,237,327
Equity income	2,023,087
Distributions received from the Partnership	(1,480,588)
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Balance as at March 31, 2005	\$ 73,028,692

4. Contingency:

BPI and the Fund are involved in trademark litigation with entities affiliated with McDonald's Restaurant of Canada (the "McDonalds' Group"), opposing the registration by the McDonald's Group in Canada of the Boston Market trademark. Management of BPI believes that there is a likelihood that the trademark will not be registered. Additionally, BPI and the Fund have commenced an action against the McDonald's Group to prevent them from infringing BPI's and the Fund's respective interests in the trademarks by operating Boston Market in Canada. The McDonald's Group has filed a counterclaim and a separate action challenging the validity of the registered trademark "Boston Pizza" and related trademarks under the *Trade-Marks Act (Canada)*. Management does not believe that this action will succeed. However, in the event that the challenge to the Boston Pizza trademarks is successful, the Fund would lose the benefits of registration of its trademarks under the *Trade-Marks Act (Canada)*, which may mean losing the ability to prevent others from using the registered trademarks for the goods and services for which they are registered and to prevent others from using similar or confusing trademarks or names. However, the loss of the registration under the *Trade-Marks Act (Canada)*, would not prevent the Fund from continuing to license and use the "Boston Pizza" and related trademarks in the existing operations and geographic territories where they are presently used and from taking other measures to protect their rights in respect of, and their ability to use, the "Boston Pizza" and related trademarks, in new areas where BPI and its sub-licensees do not presently operate Boston Pizza restaurants.

5. Comparative figures:

Certain of the figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current period.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

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