



For Immediate Release

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BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES FIRST QUARTER 2017 RESULTS
INCLUDING FRANCHISE SALES OF \$202.4 MILLION FOR THE PERIOD
AN INCREASE OF 2.2% VERSUS ONE YEAR AGO

SSSG of 0.0% for the Period despite continued weak general economic conditions in oil and gas regions and the impact of 2016 being a leap year.

HIGHLIGHTS

- System-Wide Gross Sales¹ of \$261.2 million for the Period, an increase of 2.8% versus the same period one year ago.
- Franchise Sales² from royalty pool restaurants of \$202.4 million for the Period, an increase of 2.2% versus the same period one year ago.
- Same Store Sales Growth of 0.0% for the Period.
- Distributable Cash³ per Unit decreased 2.5% for the Period to 31.2 cents versus 32.0 cents for same period one year ago.
- Payout Ratio⁴ of 110.6% for the Period compared to 105.7% for the same period one year ago, and 100.0% on a trailing 12-month basis. Cash balance at the end of the Period was \$2.9 million.
- 11 net new Boston Pizza restaurants opened in 2016, and were added to the Fund's royalty pool on January 1, 2017.
- Trustees declared April 2017 distribution to unitholders of 11.5 cents per Unit.

VANCOUVER, BC, May 11, 2017 - 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, 2017 to March 31, 2017 (the "**Period**"). A copy of this press release, the condensed consolidated interim financial statements and related Management's Discussion and Analysis ("**MD&A**") 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 May 11, 2017 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 11, 2017 by dialling 1-855-669-9658 or 604-674-8052 and entering the access code: 1389 followed by the # sign.

Same store sales growth ("**SSSG**"), a key driver of distribution growth for unitholders of the Fund, was 0.0% for the Period compared to 0.6% reported in the first quarter of 2016. Franchise Sales, the basis upon which Royalty⁵ and Distribution Income⁵ are paid 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 negative 0.3% for the Period compared to positive 0.5% for the first quarter of 2016. The SSSG for the Period was principally due to menu re-pricing and higher sales as a result of Boston Pizza's nachos promotion offset by the negative impacts of continued weak general economic conditions in regions directly connected to the Canadian oil and gas industry and one less day during the Period compared to the same period one year ago due to 2016 being a leap year. Franchise Sales of restaurants in the Fund's royalty pool were \$202.4 million for the Period compared to \$198.0 million for the first quarter of 2016. The increase in Franchise Sales for the Period is primarily due to the additional Franchise Sales from 11 net new restaurants added to the royalty pool on January 1, 2017.

"We continue to see positive SSSG in all regions that are not directly connected to the Canadian oil and gas industry", said Mark Pacinda, President and CEO of BPI. "We are satisfied with our sales results for the Period given the negative impacts of continued weak general economic conditions in regions directly connected to the Canadian oil and gas industry and one less day during the Period compared to the same period one year ago due to 2016 being a leap year. After a significant renovation to our corporately owned Boston Pizza restaurant on Front

and John Street in downtown Toronto during the Period, we were excited to re-open this location on April 4th to showcase our new urban prototype.”

The Fund’s net and comprehensive income was \$6.6 million for the Period compared to \$8.5 million for first quarter of 2016. The \$1.9 million decrease in the Fund’s net and comprehensive income for Period compared to the first quarter of 2016 was primarily due to a net \$2.0 million change in fair value adjustments. For a detailed discussion on the Fund’s net and comprehensive income, please see the “Operating Results – Net and Comprehensive Income / Basic and Diluted Earnings” section in the Fund’s MD&A for the Period. The Fund’s net income under International Financial Reporting Standards (“IFRS”) contains non-cash items, such as the fair value adjustments on financial instruments and deferred income taxes, 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 to provide investors with more meaningful information regarding the amount of cash that the Fund has generated to pay distributions and the extent to which the Fund has distributed that cash. 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 MD&A for the Period.

The Fund generated Distributable Cash of \$6.3 million for the Period compared to \$6.5 million for the first quarter of 2016. The decrease in Distributable Cash of \$0.2 million, or 2.8% was primarily due to higher interest expense on the Class B Units of Boston Pizza Royalties Limited Partnership and one less day during the Period compared to the same period one year ago due to 2016 being a leap year.

The Fund’s Distributable Cash per unit of the Fund (“Unit”) was \$0.312 for the Period compared to \$0.320 per Unit for the first quarter of 2016. The decrease in Distributable Cash per Unit of \$0.008, or 2.5% was primarily attributable to the decrease in Distributable Cash noted above.

The Fund’s Payout Ratio for the Period was 110.6% compared to 105.7% in the same period in 2016. The increase in the Fund’s Payout Ratio was due to the combined effects of Distributable Cash for the Period decreasing by \$0.2 million, or 2.8% and distributions paid during the Period increasing by \$0.1 million, or 1.7%. The increase in distributions paid during the Period compared to the same period one year ago was due to the Fund increasing the monthly distribution from 10.83 cents per Unit to 11.50 cents per Unit beginning with the January 2016 distribution, which was paid on February 29, 2016. The Fund strives to provide unitholders with consistent 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 each year compared to the second and third quarters each year since Boston Pizza restaurants generally experience higher Franchise Sales during the summer months when restaurants open their patios and benefit from increased tourist traffic. Higher Franchise Sales generally result in increases in Distributable Cash. On a trailing 12-month basis, the Fund’s Payout Ratio was 100.0% as at March 31, 2017. A key feature of the Fund is that it is a “top line” structure, in which BPI and Boston Pizza Canada Limited Partnership (“**BP Canada LP**”) pay 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, BP Canada LP or 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 10, 2017 the trustees of the Fund approved a cash distribution to unitholders of 11.5 cents per Unit for April 2017. The distribution will be payable to unitholders of record at the close of business on May 21, 2017 and will be paid on May 31, 2017. The Fund periodically reviews distribution levels based on its policy of stable and sustainable distribution flow to unitholders. Including the April 2017 distribution, which will be paid on May 31, 2017, the Fund will have paid out 178 consecutive monthly distributions totalling \$257.2 million or \$18.34 per Unit since the Fund’s initial public offering in 2002.

FINANCIAL SUMMARY

The tables below set out selected information from the Fund's condensed consolidated interim financial statements together with other data and should be read in conjunction with the condensed consolidated interim financial statements and MD&A of the Fund for the three month periods ended March 31, 2017 and 2016.

<i>For the periods ended March 31</i>	Q1 2017	Q1 2016
(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)		
System-Wide Gross Sales	261,200	254,182
Number of restaurants in Royalty Pool	383	372
Franchise Sales reported by restaurants in the Royalty Pool	202,406	198,049
Royalty income	8,096	7,922
Distribution Income	2,558	2,565
Interest income	452	452
Total revenue	11,106	10,939
Administrative expenses	(302)	(287)
Interest expense on debt	(601)	(610)
Interest expense on Class B Unit and Class C Unit liabilities	(1,197)	(1,084)
Profit before fair value adjustments and income taxes	9,006	8,958
Fair value adjustment on investment in BP Canada LP	(707)	3,887
Fair value adjustment on Class B Unit liability	147	(2,052)
Fair value adjustment on interest rate swaps	(1)	(443)
Current and deferred income tax expense	(1,873)	(1,841)
Net and comprehensive income	6,572	8,509
Basic earnings per Unit	0.32	0.42
Diluted earnings per Unit	0.26	0.42
<u>Distributable Cash / Distributions / Payout Ratio</u>		
Cash flows from operating activities	8,742	8,689
Class C Unit distributions to BPI	(450)	(450)
BPI Class B Unit entitlement	(1,330)	(1,161)
Interest paid on long-term debt	(601)	(605)
SIFT Tax on Units	(33)	37
Distributable Cash	6,328	6,510
Distributions paid	6,999	6,880
Payout Ratio	110.6%	105.7%
Distributable Cash per Unit	0.312	0.320
Distributions paid per Unit	0.345	0.338
<u>Other</u>		
Same store sales growth	0.0%	0.6%
Number of restaurants opened	1	0
Number of restaurants closed	1	2
	Mar 31, 2017	Dec 31, 2016
Total assets	452,469	444,332
Total liabilities	187,351	181,120

Notes:

- 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 BP Canada LP 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 BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes.
- 2) "Franchise Sales" is the basis upon which Royalty and Distribution Income are payable, and means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI; and (ii) reported to BP Canada LP 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 BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP 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. The preceding table provides a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure. Investors are cautioned that this should not be construed as an alternative to cash flows from operating activities. For additional information regarding this financial metric, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's MD&A for the Period.
- 4) Payout Ratio is calculated by dividing the distributions paid by the Fund during a 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 Fund's MD&A for the Period.

- 5) The Fund licenses BPI the right to use various Boston Pizza trademarks in return for BPI paying the Fund a royalty equal to 4% of Franchise Sales of Boston Pizza restaurants in the Fund's royalty pool ("Royalty"). "Distribution Income" is income received by the Fund from the investment in BP Canada LP it completed on May 6, 2015. See the "General – Purpose of Fund / Sources of Revenue" section of the Fund's MD&A for the Period for more details.
- 6) 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 MD&A for the Period.
- 7) Other capitalized terms used in these tables are defined in the Fund's MD&A for the Period.

SUMMARY OF QUARTERLY RESULTS

	Q1 2017	Q4 2016	Q3 2016	Q2 2016
(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)				
System-Wide Gross Sales	261,200	270,800	281,538	274,039
Number of restaurants in Royalty Pool	383	372	372	372
Franchise Sales reported by restaurants in the Royalty Pool	202,406	204,121	215,597	210,852
Royalty income	8,096	8,165	8,624	8,434
Distribution Income	2,558	2,617	2,790	2,728
Interest income	452	452	452	452
Total revenue	11,106	11,234	11,866	11,614
Administrative expenses	(302)	(299)	(292)	(296)
Interest expense on debt	(601)	(620)	(619)	(612)
Interest expense on Class B Unit and Class C Unit liabilities	(1,197)	(2,184)	(1,551)	(1,573)
Profit before fair value adjustments and income taxes	9,006	8,131	9,404	9,133
Fair value adjustment on investment in BP Canada LP	(707)	5,098	9,237	6,511
Fair value adjustment on Class B Unit liability	147	(2,668)	(4,833)	(3,407)
Fair value adjustment on interest rate swaps	(1)	967	171	7
Current and deferred income tax expense	(1,873)	(2,782)	(3,473)	(2,240)
Net and comprehensive income	6,572	8,746	10,506	10,004
Basic earnings per Unit	0.32	0.43	0.52	0.49
Diluted earnings per Unit	0.26	0.43	0.52	0.49
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows from operating activities	8,742	9,128	9,718	9,323
Class C Unit distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B Unit entitlement	(1,330)	(1,134)	(1,108)	(1,119)
Interest paid on long-term debt	(601)	(612)	(560)	(617)
SIFT Tax on Units	(33)	(7)	27	(20)
Distributable Cash	6,328	6,925	7,627	7,117
Distributions paid	6,999	6,999	6,999	6,998
Payout Ratio	110.6%	101.1%	91.8%	98.3%
Distributable Cash per Unit	0.312	0.341	0.376	0.351
Distributions paid per Unit	0.345	0.345	0.345	0.345
<u>Other</u>				
Same store sales growth	0.00%	(3.1%)	(0.5%)	2.1%
Number of restaurants opened	1	5	4	4
Number of restaurants closed	1	0	0	0

SUMMARY OF QUARTERLY RESULTS (continued)

	Q1 2016	Q4 2015	Q3 2015	Q2 2015
(in thousands of dollars – except restaurants, SSSG, Payout Ratio and per Unit items)				
System-Wide Gross Sales	254,182	272,017	275,009	263,852
Number of restaurants in Royalty Pool	372	366	366	366
Franchise Sales reported by restaurants in the Royalty Pool	198,049	205,365	212,367	202,860
Royalty income	7,922	8,215	8,494	8,115
Distribution Income	2,565	2,708	2,799	2,666
Interest income	452	452	452	488
Total revenue	10,939	11,375	11,745	11,269
Administrative expenses	(287)	(298)	(395)	(283)
Interest expense on debt	(610)	(596)	(590)	(527)
Interest expense on Class B Unit and Class C Unit liabilities	(1,084)	(1,862)	(1,339)	(1,358)
Profit before fair value adjustments and income taxes	8,958	8,619	9,421	9,101
Fair value adjustment on investment in BP Canada LP	3,887	3,584	(18,453)	-
Fair value adjustment on Class B Unit liability	(2,052)	(1,634)	8,356	2,878
Fair value adjustment on interest rate swaps	(443)	47	(287)	172
Current and deferred income tax expense	(1,841)	(1,954)	(1,908)	(2,307)
Net and comprehensive income (loss)	8,509	8,662	(2,871)	9,844
Basic earnings (loss) per Unit	0.42	0.42	(0.14)	0.53
Diluted earnings (loss) per Unit	0.42	0.42	(0.45)	0.39
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows from operating activities	8,689	9,259	9,472	8,351
Class C Unit distributions to BPI	(450)	(450)	(450)	(450)
BPI Class B Unit entitlement	(1,161)	(1,011)	(947)	(895)
Interest paid on long-term debt	(605)	(617)	(543)	(474)
SIFT Tax on Units	37	(23)	9	(94)
Distributable Cash	6,510	7,158	7,541	6,438
Distributions paid	6,880	6,642	6,655	6,014
Payout Ratio	105.7%	92.8%	88.3%	93.4%
Distributable Cash per Unit	0.320	0.350	0.368	0.347
Distributions paid per Unit	0.338	0.325	0.325	0.319
<u>Other</u>				
Same store sales growth	0.6%	2.2%	2.7%	0.1%
Number of restaurants opened	0	5	3	2
Number of restaurants closed	2	2	2	0

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 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 and BP Canada LP'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 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 11 net new restaurants that opened in 2016 and the one new location that has opened to date in 2017. BPI's management believes that Boston Pizza will continue to serve more guests in more locations than any other 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, Boston Pizza Holdings Limited Partnership, BP Canada LP, 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 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, BP Canada LP 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 the Fund's business, please refer to the "Risks and Uncertainties" and "Note Regarding Forward-Looking Information" sections included in the Fund's MD&A for the Period available at www.sedar.com and www.bpincomefund.com.

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

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