

MATERIAL CHANGE REPORT

ITEM 1: REPORTING ISSUER

Second Cup Royalty Income Fund (the “**Fund**”)
6303 Airport Road
Mississauga, ON L4V 1R8

ITEM 2: DATE OF MATERIAL CHANGE

February 14, 2008.

ITEM 3: PRESS RELEASE

The press release of the Fund was issued at Toronto, Ontario, on February 15, 2008 (the “**Press Release**”).

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Fund announced that J. Bruce Elliot resigned from his positions as Director and President of Second Cup GP Inc. (“**GP Inc.**”), effective as of February 14, 2008, and as President of The Second Cup Ltd. (“**Second Cup**”) effective as of March 7, 2008. The Fund also announced that Gabriel Tsampalieros, Chairman and Chief Executive Officer of Second Cup, had been appointed as President and Chief Executive Officer, and as Director of GP Inc.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

A copy of the Press Release is annexed hereto as Exhibit “A”.

ITEM 6: RELIANCE ON CONFIDENTIALITY SECTION OF THE ACT

Not Applicable.

ITEM 7: OMITTED INFORMATION

Not Applicable.

ITEM 8: SENIOR OFFICER – FOR FURTHER INFORMATION CONTRACT

Inquiries in respect of the material change referred to herein may be made to:

Stephen Devito
Chief Financial Officer
6303 Airport Road
Mississauga, ON L4V 1R8
(905) 362-1824,

ITEM 9: STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto this 28th day of February, 2008.

**SECOND CUP ROYALTY INCOME
FUND**

By: "Stephen Devito"

Name: Stephen Devito

Title: Chief Financial Officer

EXHIBIT "A"

See attached.

Attention Business/Financial Editors:

Second Cup Royalty Income Fund announces January distribution and changes to management

MISSISSAUGA, ON, Feb. 15 /CNW/ - Second Cup Royalty Income Fund (the "Fund") announced that its Board of Trustees approved a cash distribution of \$0.0910 per unit for the month of January, 2008 to be paid on February 29, 2008 to unitholders of record at the close of business on February 27, 2008. Second Cup GP Inc. ("GP Inc"), as administrator of the Fund, also announced that Bruce Elliot, a member of the Board of Directors and President of GP Inc. formally resigned from his position as President and Director of GP Inc., effective February 14, 2008. Mr. Elliot also resigned as President of The Second Cup Ltd. ("Second Cup"), effective March 7, 2008. GP Inc. is pleased to announce that Gabriel Tsampalieros, Chairman and Chief Executive Officer of The Second Cup Ltd. ("Second Cup"), has been appointed President and Chief Executive Officer, and as Director, of GP Inc.

"During his tenure with us at Second Cup, Bruce put his strong leadership skills to great use and accomplished much in revitalizing the brand and leading Second Cup to several consecutive years of positive same café sales growth," commented Mr. Tsampalieros, "I would like to thank Bruce for his many contributions, passion for and dedication to Second Cup, its colleagues and franchise partners, and wish him all the best in his future endeavours".

Mr. Tsampalieros, who controls Second Cup, directly and indirectly controls approximately 10.1% of the total outstanding units of the Fund.

The Fund is an open-ended trust established under the laws of the Province of Ontario. It holds, through an indirect wholly-owned limited partnership, the Canadian trade-marks and other intellectual property and associated rights used by The Second Cup Ltd. ("Second Cup") in connection with the operation of Second Cup cafés in Canada. For more information on the Second Cup Royalty Income Fund please visit www.secondcupincomefund.com.

Second Cup is Canada's largest specialty coffee café franchisor and second largest retailer of specialty coffee, as measured by number of cafés. For further information on Second Cup, visit www.secondcup.com.

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/For further information: Stephen Devito, Chief Financial Officer, (905) 362-1824, [investor\(at\)secondcup.com](mailto:investor(at)secondcup.com), www.secondcupincomefund.com/
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CO: Second Cup Royalty Income Fund

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