



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA INTERNATIONAL ADDS FOUR NEW RESTAURANTS TO, AND REMOVES
FOUR PERMANENTLY CLOSED RESTAURANTS FROM, THE ROYALTY POOL OF
BOSTON PIZZA ROYALTIES INCOME FUND**

VANCOUVER, BC, JANUARY 2, 2025 – Boston Pizza Royalties Income Fund (the “Fund”) (TSX: BPF.UN) and Boston Pizza International Inc. (“BPI”) announced today that effective January 1, 2025, the Fund’s royalty pool (the “**Royalty Pool**”) has been adjusted to include the four new full service Boston Pizza restaurants that opened across Canada between January 1, 2024 and December 31, 2024 (the “**Period**”), and to remove the four full service Boston Pizza restaurants that permanently closed during the Period. With the adjustment for these restaurants, the Royalty Pool now includes 372 Boston Pizza restaurants.

The Fund effectively receives 5.5% of franchise revenues of Boston Pizza restaurants in the Royalty Pool less the pro rata portion payable to BPI in respect of its retained interest in the Fund.² On January 1 of each year (each, an “**Adjustment Date**”), an adjustment is made to add to the Royalty Pool new Boston Pizza restaurants that opened (“**New Restaurants**”) and to remove any Boston Pizza restaurants that permanently closed since the last Adjustment Date (the “**Closed Restaurants**”). In return for adding new Royalty and Distribution Income from the New Restaurants after subtracting the Royalty and Distribution Income that is lost from the Closed Restaurants³ (such difference, “**Net Royalty and Distribution Income**”), BPI receives the right to indirectly acquire additional units of the Fund (the “**Additional Entitlements**”). The calculation of Additional Entitlements is designed to be accretive to unitholders of the Fund as the expected increase in Franchise Sales from the New Restaurants added to the Royalty Pool less the decrease in Franchise Sales from the Closed Restaurants is valued at a 7.5% discount. The Additional Entitlements are calculated at 92.5% of the estimated Royalty and Distribution Income expected to be generated by the New Restaurants less the actual Royalty and Distribution Income lost from the Closed Restaurants, multiplied by one minus the effective tax rate estimated to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average unit price over a specified period. BPI indirectly receives 80% of the Additional Entitlements initially, with the balance received when the actual full year performance of the New Restaurants and the actual effective tax rate paid by the Fund are known with certainty (the “**Holdback**”). BPI receives 100% of the distributions on the Additional Entitlements throughout the year. After the New Restaurants have been part of the Royalty Pool for a full year, an audit of the Franchise Sales of these restaurants is performed, and the actual effective tax rate paid by the Fund is determined. At such time, an adjustment is made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

The estimated annual Franchise Sales in 2025 for the four New Restaurant that opened in 2024 is \$3.4 million. As described above, BPI is required to deduct from this amount the actual Franchise Sales

1 In this press release, BPI includes its subsidiaries where applicable.

2 The Fund indirectly owns the Boston Pizza trademarks and trade names used by Boston Pizza restaurants in Canada. In 2002, the Fund licensed these trademarks to BPI for 99 years and in return BPI pays the Fund a top line royalty of 4% of franchise revenues (“**Franchise Sales**”) of Boston Pizza restaurants in the Royalty Pool (“**Royalty**”). On May 6, 2015, the Fund completed an indirect investment in Boston Pizza Canada Limited Partnership (a limited partnership controlled and operated by BPI) that entitles the Fund to receive distribution income from Boston Pizza Canada Limited Partnership (“**Distribution Income**”) equal to 1.5% of Franchise Sales of Boston Pizza restaurants in the Royalty Pool less the pro rata portion payable to BPI in respect of its retained interest in the Fund.

3 The Royalty and Distribution Income that is lost from the Closed Restaurants is calculated based upon the actual Franchise Sales received from the Closed Restaurants during the first 12-month period immediately following their addition to the Royalty Pool.

received from the four Closed Restaurants in 2024 during the first 12-month period immediately following their addition to the Royalty Pool, which is \$7.4 million. Accordingly, the resulting estimated annual net Franchise Sales for 2024 is negative \$4.0 million. The Net Royalty and Distribution Income in respect of the Adjustment Date of January 1, 2025 is negative \$0.2 million (the “**Deficiency**”, being 5.5% of negative \$4.0 million net Franchise Sales). Since there was a Deficiency in respect of each Adjustment Date from January 1, 2021 to the present, there is currently a cumulative Deficiency of \$2.2 million. A summary of the cumulative Deficiency is as follows:

Adjustment Date	Actual / Estimated Franchise Sales of New Restaurants for Adjustment Date (in millions)*	Franchise Sales of Closed Restaurants for Adjustment Date (in millions)*	Net Franchise Sales for Adjustment Date (in millions)*	Deficiency, being 5.5% of Net Franchise Sales (in millions)*
January 1, 2021	\$3.1 [†]	\$18.5	(\$15.4)	(\$0.8)
January 1, 2022	--	\$6.2	(\$6.2)	(\$0.3)
January 1, 2023	--	\$6.8	(\$6.8)	(\$0.4)
January 1, 2024	\$1.8 ^{††}	\$9.2	(\$7.5)	(\$0.4)
January 1, 2025	\$3.4 ^{†††}	\$7.4	(\$4.0)	(\$0.2)
Cumulative	\$8.3	\$48.1	(\$39.9)	(\$2.2)

*Figures are rounded to one decimal place. [†]Determined in February 2022 after an audit of Franchise Sales for 2021 was performed on the New Restaurants. ^{††}To be determined and adjusted in February 2025 after an audit of Franchise Sales for 2024 is performed on the one New Restaurant for 2023, with the corresponding net Franchise Sales and Deficiency in respect of the Adjustment Date of 2024 being amended accordingly. ^{†††}To be determined and adjusted in February 2026 after an audit of Franchise Sales for 2025 is performed on the four New Restaurants for 2024, with the corresponding net Franchise Sales and Deficiency in respect of the Adjustment Date of 2025 being amended accordingly.

Since there is a Deficiency, BPI did not receive any Additional Entitlements on January 1, 2025. However, BPI did not lose any of the Additional Entitlements it received in respect of previous years. Instead, BPI will be required to make-up the cumulative Deficiency of \$2.2 million in future years by first adding Net Royalty and Distribution Income in an amount equal to the cumulative Deficiency before receiving any further Additional Entitlements. BPI continues to hold a 13.3% interest in the Fund.

See the Fund’s annual information form dated February 13, 2024 for a detailed description of the annual adjustment that is made to the Royalty Pool.

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, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPI, Boston Pizza Canada Limited Partnership, Boston Pizza Canada Holdings Inc., Boston Pizza Canada Holdings Partnership, 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 adjustments to the Royalty Pool on the Adjustment Date, calculation and timing of payment of Additional Entitlements and Holdback, an audit of Franchise Sales being performed and an adjustment to reconcile distributions indirectly paid to BPI and the Additional Entitlements indirectly received by BPI being made, the estimated effective tax rate that will be paid by the Fund for 2025, and other such matters are forward-looking information. When used in this press release, forward-looking information may include words such as “estimate”, “will”, “expect” 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, expectations 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, absence of changes of laws, absence of amendments to contracts and the Toronto Stock Exchange granting final approval for the issuance of the Additional Entitlements. 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 Fund’s Management Discussions and Analysis for the third quarter of 2024. 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 third quarter of 2024 available at www.sedarplus.ca and www.bpincomefund.com.

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

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