

**PIZZA PIZZA ROYALTY INCOME FUND ANNOUNCES
CLOSING OF \$23.79 MILLION OFFERING OF SUBSCRIPTION
RECEIPTS**

/THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO U.S.
NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE U.S./

Toronto, Ontario, July 5, 2007 – Pizza Pizza Royalty Income Fund (the “Fund”) (TSX: PZA.un) announced today that it has successfully completed its previously-announced offering of 2,600,000 subscription receipts.

The underwriters of the offering were TD Securities Inc., Canaccord Corporation, CIBC World Markets Inc., National Bank Financial Inc. and RBC Dominion Securities Inc.

The offering was undertaken in connection with the agreement between the Fund and Pizza Pizza Limited ("Pizza Pizza") to acquire Flying Pizza 73 Inc. and its affiliated companies (together, "Pizza 73"). The Fund will acquire the trademarks and intellectual property associated with the Pizza 73 restaurant operations (the "Transaction"). The Transaction is expected to close on or about July 24, 2007, subject to satisfaction of various conditions, including unitholder approval. A special meeting of unitholders of the Fund will be held on July 20, 2007 at the Toronto Stock Exchange Broadcast Centre, 130 King Street West, Toronto, Ontario at 10:00am EDT to approve the Transaction, among other things.

The proceeds of the offering will be held in escrow pending the closing of the Transaction. Upon release, the proceeds will be applied to satisfy part of the purchase price of the trademarks and intellectual property associated with the Pizza 73 restaurant operations.

The subscription receipts will trade on the Toronto Stock Exchange under the symbol “PZA.R” until the completion of the Transaction. The subscription receipts will be exchanged for units on the closing date of the Transaction and thereafter the former holders of the subscription receipts will be entitled as unitholders to receive distributions from the Fund. Holders of the former subscription receipts will be entitled to receive an amount per subscription receipt, if any, equal to the per unit distribution paid or payable to the holders of the units in respect of all record dates occurring during the period from the offering closing date to the Transaction closing date, as if the subscription receipts had been converted to units immediately prior to such record dates. In no case will holders of subscription receipts be eligible to receive any amount in respect of the distribution to be paid on July 13, 2007 to unitholders of record on June 29, 2007

If the Transaction fails to close by 5:00 p.m. (Toronto time) on August 31, 2007 or if the Transaction agreement is terminated at any earlier time (in either case, the “Termination Date”), CIBC Mellon Trust Company, as the escrow agent, and the Fund will return to the holders of the subscription receipts, commencing on the third business day following the Termination Date, an amount equal to the issue price therefor and their pro rata entitlements to interest earned on such amount (less any withholding taxes applicable to non-resident holders).

ABOUT THE FUND

The Fund is a limited purpose, open-ended trust established under the laws of Ontario to indirectly acquire the trademarks and trade names used by Pizza Pizza in its restaurants. The trademarks were licensed to Pizza Pizza in July 2005 for 99 years, for which Pizza Pizza pays the Fund a royalty equal to 6% of the system sales of its Pizza Pizza restaurants in the royalty pool. As of January 1, 2007, there were 531 Pizza Pizza restaurants in the royalty pool.

Since its initial public offering in 2005, the Fund has increased distributions four times while maintaining a 5% same restaurant sales growth. The last distribution increase was in January 2007 when monthly distributions were increased from \$0.071 per unit to \$0.073 per unit.

A key attribute of the Fund's structure is the fact that it is a "top-line" fund. Royalty income of the Fund is based on top-line system sales of the royalty pool restaurants and is not determined by the profitability of either Pizza Pizza or the Pizza Pizza restaurants in the royalty pool. Given this structure, the success of the Fund depends primarily on the ability of Pizza Pizza to maintain and increase system sales of the royalty pool.

ABOUT PIZZA PIZZA LIMITED

Pizza Pizza Limited, a privately-held Canadian corporation, is one of Canada's most successful operators in the quick service restaurant industry and is celebrating its 40th anniversary this year. Founded in 1967, Pizza Pizza is guided by a mission to provide the "best food, made especially for you" and a focus on quality ingredients, customer service, community contribution and continual innovation, especially in offering health-conscious menu choices.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Fund to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this press release, such statements use such words as "may," "will," "expect," "anticipate," "project," "believe," "plan" and other similar terminology. The risks and uncertainties are detailed from time to time in reports filed by the Fund with the securities regulatory authorities in all of the provinces of Canada to which recipients of this press release are referred for additional information concerning the Fund, its prospects and the risks and uncertainties relating to the Fund and its prospects. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of the Fund to be materially different from those contained in forward-looking statements. Certain of risks and uncertainties that may arise in connection with the acquisition of Pizza 73 include risks associated with (i) the closing of the acquisition of the Pizza 73 business and the Transaction; (ii) the integration of the Pizza 73 business by Pizza Pizza; (iii) liabilities that may be assumed in respect of the business and limitations on recourse in respect thereof, and (iv) operating risks associated with the operation of Pizza 73 business in its principal markets.

The forward-looking information contained in this press release is current only as of the date of this press release. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under applicable securities laws of any such jurisdiction. The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

FOR FURTHER INFORMATION CONTACT:

Curt Feltner, Chief Financial Officer
Pizza Pizza Limited
(416) 967-1010
cfeltner@pizzapizza.ca

For media interviews or more information:
Daniel Torchia
Torchia Communications
(416) 341-9929 ext. 223 or (416) 275-2151
daniel.torchiacom.com