

For Immediate Release

Attention Business Editors:

PIZZA PIZZA ROYALTY INCOME FUND ANNOUNCES FIRST QUARTER 2007 RESULTS

Toronto, Ontario, May 2, 2007 – Today, Pizza Pizza Royalty Income Fund (the “Fund”) reported financial results for the quarter ended March 31, 2007.

As previously announced, the Fund reported another strong quarter with Same Store Sales Growth, the key driver of yield growth for Unitholders, of 5.5% for the period, compared with 5% for the same quarter in 2006.

System Sales for the quarter for the restaurants in the Fund’s Royalty Pool increased by \$7 million or 8% to \$89.5 million compared with \$82.5 for the same quarter in the prior year. The increase in sales reflects the sales generated by the new restaurants in the Royalty Pool and an increase in same store sales.

The Fund’s earnings were \$4 million for the quarter or \$0.221 per unit compared with \$3.7 million or \$0.205 per unit for the same quarter last year; the Fund declared distributions of \$3.9 million or \$0.219 per unit for the quarter compared with \$3.7 million or \$0.207 for the same quarter last year. The payout ratio for the quarter was 99%.

On January 1, 2007, the Royalty Pool for which royalties are paid to the Fund by Pizza Pizza Limited (“Pizza Pizza”) was increased to include the 35 new restaurants opened between September 2, 2005 and December 31, 2006. Five locations were closed during calendar 2006. With the addition of these 30 net, new restaurants, royalties are now paid to the Fund from 531 Pizza Pizza restaurants in the Royalty Pool.

System sales for Pizza Pizza for the first quarter of the calendar year have generally been the softest quarter and the fourth quarter system sales have been the strongest. This seasonality has been repeated in the past two quarters.

Pizza Pizza opened two restaurants and closed one during the quarter bringing the total number to 532 restaurants.

FINANCIAL HIGHLIGHTS

Equity income earned by the Fund through its interest in the Pizza Pizza Royalty Limited Partnership (the “Partnership”) and interest income from the PPL Loan for the Period, have been derived as shown in the table below:

Pizza Pizza Royalty Limited Partnership Analysis of Distributable Cash

	3 months ended March 31, 2007	3 months ended March 31, 2006
(in thousands of dollars, except number of restaurants, days in the period, and per unit amounts)		
Restaurants in Royalty Pool	531	501
Days in the Period	90	90
Same store sales growth	5.5%	5%
System sales reported by restaurants in the Royalty Pool	\$ 89,518	\$ 82,484
Royalty - 6% of system sales	\$ 5,371	\$ 4,949
Partnership expenses ⁽¹⁾	(338)	(439)
Partnership earnings for the period before under-noted Pizza Pizza's interest ⁽²⁾	5,033 (1,509)	4,510 (1,275)
Equity income related to Pizza Pizza royalties earned by Fund	3,524	3,235
Interest income ⁽³⁾	450	450
Net earnings	\$ 3,974	\$ 3,685
Earnings per Fund unit	\$ 0.221	\$ 0.205
Distributions declared	\$ 3,931	\$ 3,717
Distributions per Fund unit	\$ 0.219	\$ 0.207
Payout ratio	99%	101%
	March 31, 2007	March 31, 2006
Total assets	\$ 177,529	\$ 169,721
Total liabilities	\$ 1,310	\$ 1,248

(1) The Fund, indirectly through the Partnership, incurs administrative expenses and interest expense on the \$20 million outstanding bank loan. Interest expense on the bank loan for the current Period was \$262 (2006 - \$274).

(2) Represents the interest of Pizza Pizza in the earnings of the Partnership from Class B and Class C Partnership units. The Class B units are exchangeable into Fund units based on the value of the Class B Exchange Multiplier at the time of exchange as defined in the Licence and Royalty Agreement.

(3) The Fund indirectly earns interest income on the \$30 million loan to Pizza Pizza, with interest income accruing at 6% per annum, payable monthly.

Working capital of the Fund combined with working capital of the Partnership totaled \$1.3 million at March 31, 2007 (March 31, 2006 - \$808,000) and has been accumulated as a reserve to cover seasonality and any unusual administrative expenditures.

Distributions

The Fund increased its January 2007 distribution by 2.8%, from \$0.071 to \$0.073 per unit. This was the fourth distribution increase since the Fund's initial public offering in July 2005. The current distribution equates to an annualized rate per unit of \$0.876.

Distributions for the quarter were as follows:

<u>Period</u>	<u>Payment Date</u>	<u>Amount/unit</u>
January 1-31, 2007	February 15, 2007	7.3¢
February 1-28, 2007	March 15, 2007	7.3¢
March 1-31, 2007	April 13, 2007	7.3¢
Total		21.9¢

The unaudited, consolidated financial statements of the Fund, together with its Management's Discussion and Analysis, will be available at www.sedar.com and on the Fund's website at www.pizzapizzaroyaltyincomefund.com on or before May 3, 2007.

The Fund will hold a conference call to discuss the first quarter results on May 3, 2007 at 9:00 a.m. EST. The call can be accessed by dialing (416) 642-5212 or 1-866-321-6651. A replay will be available until May 17, 2007 by dialing (416) 915-1028 or 1-866-244-4494, reservation number 775289.

Outlook

Pizza Pizza management has advised the Trustees that in 2007 it expects to grow the number of restaurants in its network by 3% and to continue researching potential expansion opportunities outside its, predominantly, Ontario market with potential expansion coming through organic growth and/or acquisitions. Additionally, Pizza Pizza expects to continue franchising its remaining Company-owned restaurants.

With over 95% of traditional restaurants now expanded or relocated, Pizza Pizza offers expanded seating capacity, thereby targeting additional day-parts and allowing for additional product offerings to enable restaurants to continue increasing same store sales.

Forward Looking Information

Certain statements in this 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 report, such statements include 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 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 Pizza Pizza. The foregoing list of factors is not exhaustive.

About the Fund, a publicly-traded entity

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 Limited (“Pizza Pizza”) in its restaurants. The trademarks were licensed to Pizza Pizza in 2005 for 99 Periods, 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.

A key attribute of the Fund is that it is based on top-line, system sales of the Royalty Pool restaurants and not on the profitability of either Pizza Pizza or the restaurants in the Royalty Pool. The success of the Fund depends primarily on the ability of Pizza Pizza to maintain and increase system sales of the Royalty Pool and to meet its royalty obligations.

The Fund’s trust units are listed on the Toronto Stock Exchange under the symbol PZA.UN.

About Pizza Pizza Limited, the privately-owned operating company

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.

For further information:

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