

For Immediate Release

Attention: Business Editors

Pizza Pizza Royalty Income Fund adds 35 restaurants to Royalty Pool

Toronto, January 10, 2007 - Pizza Pizza Royalty Income Fund (the "Fund") and Pizza Pizza Limited ("PPL") today announced that effective January 1, 2007, the pool of Pizza Pizza restaurants (the "Royalty Pool") for which royalties are paid to the Fund by PPL will be increased to include the royalties from 35 new restaurants opened between September 1, 2005 and December 31, 2006. Five nontraditional restaurants were closed during the calendar year 2006. Of the 35 new restaurants, 16 are traditional restaurants and 19 are nontraditional locations. 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.

The Fund owns the trademarks and trade names used by PPL in its restaurants. In 2005, the trademarks and trade names were licensed to PPL for 99 years, and in return PPL pays the Fund a royalty equal to 6% of the Royalty Pool system sales.

Annually, on January 1 (the "Adjustment Date"), Pizza Pizza restaurants in the Royalty Pool are adjusted to include the forecasted system sales from new Pizza Pizza restaurants opened on or before December 31 of the prior year, less system sales from any Pizza Pizza restaurants that have been permanently closed during the year.

At each annual Adjustment Date the Fund pays PPL for the royalty stream generated from the net, new restaurant sales. The payment is based on a formula set out in the License and Royalty Agreement. The formula, designed to be accretive to current Unitholders, is based on the forecasted sales from new restaurants less sales from any closed restaurants, multiplied by the 6% royalty rate then divided by the current yield on the Fund's units, which is 10.56% for January 1, 2007 ("current yield" = 2006 distribution paid divided by a 20 day average, December trading price). The resulting amount is discounted by 7.5% before payment is made to PPL by the Fund in the form of securities exchangeable for Fund units at the current unit price. Of this amount, PPL is entitled to receive 80% on the Adjustment Date, with the balance determined when the full year sales of the new restaurants have been verified by an independent sales audit.

The forecasted, 2007, system sales for the 35 new restaurants, estimated to be \$16,000,000, is reduced by the \$592,064 in system sales from the five closed restaurants resulting in estimated royalty revenue of \$924,476 to be received by the Fund in 2007. The royalty revenue is used to calculate the initial 80% or 815,682 additional, exchangeable securities due PPL on January 1, 2007 (1,019,602 securities represents 100%). Once the 2007 performance of the new restaurants is known with certainty, the number of exchangeable securities will be adjusted in early 2008 to reflect the actual securities due PPL.

Including the 815,682 exchangeable securities described above, PPL has the right to exchange its total securities for Fund units, representing 23% of the Fund units on a fully diluted basis. PPL has agreed to maintain at least a 20% interest in the Fund until June 30, 2007; also, distributions on the 20% interest are subordinated until June 30, 2007, pursuant to the terms of a subordination agreement. Please see Table 1 below.

Table 1 – Summary of Pizza Pizza Royalty Income Fund Units:

| | Issued & Outstanding units, and Exchangeable Equivalent units | Issued & Outstanding units, Exchangeable Equivalent units & Holdback of Exchangeable Equivalent units |
|--|--|--|
| Units outstanding on December 31, 2006 | | |
| Public float | 17,952,000 | 17,952,000 |
| Class B units held by PPL | 4,563,120 | 4,563,120 |
| PPL Additional Class B Securities - Holdback as of December 31, 2006 | N/A | 30,113 (1) |
| Fully diluted units | 22,515,120 | 22,545,233 |
| Units outstanding & issuable on January 1, 2007 | | |
| Public float | 17,952,000 | 17,952,000 |
| Class B units held by PPL | 4,563,120 | 4,563,120 |
| PPL Additional Securities - Holdback as of December 31, 2006 | N/A | 30,113 (1) |
| Additional Class B units issued to PPL on January 1, 2007 | 815,682 | 815,682 (2) |
| PPL Additional Class B Securities - Holdback as of January 1, 2007 | N/A | 203,920 (3) |
| Number of fully diluted units | 23,330,802 | 23,564,835 |
| Proportion of all units outstanding held by PPL as of January 1, 2007 | 23.0% | 23.8% |

(1) Holdback of Exchangeable Units from net one restaurant added to the Royalty Pool on January 1, 2006. Actual number of Exchangeable Units will be determined in early 2007 effective January 1, 2006, once audited results of net one restaurant is known.

(2) Exchangeable Units available January 1, 2007

(3) Holdback of Exchangeable Units from 30 net restaurants added to the Royalty Pool on January 1, 2007. Actual number of Exchangeable Units will be determined in early 2008, effective January 1, 2007, once audited results of the net 30 restaurants are known.

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