

## For Immediate Release

### Attention: Business Editors

#### **Pizza Pizza Royalty Income Fund adds 45 restaurants to Royalty Pool**

**Toronto, January 24, 2008** - Pizza Pizza Royalty Income Fund (the "Fund") and Pizza Pizza Limited ("PPL") today announced that effective January 1, 2008, the pool of restaurants (the "Royalty Pool") on which royalties are paid to the Fund by PPL will be increased to include the royalties from 36 new Pizza Pizza restaurants and nine new Pizza 73 restaurants. The Royalty Pool will decrease by eight non-traditional Pizza Pizza restaurants which were closed during the year. Of the 36 new Pizza Pizza restaurants opened between January 1, 2007 and December 31, 2007, 12 are traditional restaurants and 24 are non-traditional locations. The nine Pizza 73 restaurants are comprised of eight traditional restaurants and one non-traditional location opened on or before September 1, 2007. With the addition of the 37 net, new restaurants, royalties are now paid to the Fund on 609 restaurants in the Royalty Pool.

The Fund owns the Pizza Pizza and Pizza 73 trademarks and trade names used by PPL in its restaurants. In 2005, the Pizza Pizza trademarks and trade names were licensed to PPL for 99 years, and in return PPL pays the Fund a 6% royalty on the Pizza Pizza Royalty Pool system sales. In 2007, the Fund licensed the Pizza 73 trademarks and trade names to PPL for 99 years, and in return PPL pays the Fund a 9% royalty on the Pizza 73 Royalty Pool system sales.

Annually, on January 1 (the "Adjustment Date"), the Royalty Pool is 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. Similarly, on the Adjustment Date, the Royalty Pool is adjusted to include the forecasted system sales from new Pizza 73 restaurants opened on or before September 1 of the prior year, less any Pizza 73 restaurants permanently closed during the calendar year.

At each annual Adjustment Date the number of equivalent, Class B and Class D Units held by PPL is adjusted in accordance with a formula which determines the Class B and Class D Exchange Multipliers for the upcoming year. The formula and terms are defined in the Pizza Pizza Royalty Limited Partnership Agreement ("Partnership 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 royalty rate, divided by the yield of the Fund's units, discounted 7.5%. On January 1, PPL is entitled to receive 80% of the calculated, equivalent units and distributions thereon, with the balance of equivalent units to be determined when the full year's sales of the new restaurants have been verified by an independent sales audit.

On the current Adjustment Date, January 1, 2008, the Class B Exchange Multiplier is adjusted based on the 2008 forecasted, system sales for the 28, net, new Pizza Pizza restaurants, estimated to be \$7,987,000. The Class D Exchange Multiplier is adjusted based on 2008 forecasted, system sales for the nine new Pizza 73 restaurants, estimated to be \$7,450,000.

In exchange for adding the 37 net, new restaurants to the Royalty Pool, PPL has received 399,357 additional Class B equivalent units and 558,750 Class D equivalent units. These units represent 80% of the full Class B and Class D entitlements (499,196 and 698,437 units, respectively, represent 100%), with the balance to be received when the 2008 sales performance is known with certainty.

Including the 958,107 exchangeable units described above, PPL owns equivalent, exchangeable units equal to 21.5% of the Fund's fully diluted units.

Table 1 – Summary of Pizza Pizza Royalty Income Fund Outstanding and Fully Diluted Units:

	Issued & Outstanding units, Exchangeable
Issued & Outstanding units, and Exchangeable Equivalent units	Equivalent units & Holdback of Exchangeable Equivalent units

**Units outstanding & issuable on December 31, 2007**

Public float	21,818,392	21,818,392
Class B units held by PPL	4,908,915	4,908,915
PPL Additional Class B units - Holdback as of December 31, 2007	N/A	122,427 (1)
Fully diluted units	26,727,307	26,849,734

**Units outstanding & issuable on January 1, 2008**

Public float	21,818,392	21,818,392
Class B units held by PPL	4,908,915	4,908,915
PPL Additional Class B units - Holdback as of December 31, 2007	122,427	122,427 (1)
Additional PPL Class B equivalent units as of January 1, 2008 (80%)	399,357	399,357 (2)
Additional PPL Class B equivalent units - Holdback as of January 1, 2008 (20%)	N/A	99,839 (3)
Additional Class D units issued to PPL on January 1, 2008 (80%)	558,750	558,750 (2)
PPL Additional Class D units - Holdback as of January 1, 2008 (20%)	N/A	139,687 (4)
Number of fully diluted units	27,807,841	28,047,367

Proportion of all units outstanding available for  
exchange by PPL

21.5%

22.2%

- (1) 20% holdback of Exchangeable Units from net 30 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 sales of net 30 restaurants are known.
- (2) Exchangeable Units available January 1, 2008
- (3) 20% holdback of Exchangeable Units from 28 net Pizza Pizza restaurants added to the Royalty Pool on January 1, 2008. Actual number of Exchangeable Units will be determined in early 2009, effective January 1, 2008, once audited sales of the net 28 restaurants are known.
- (4) Holdback of Exchangeable Units from 9 net Pizza 73 restaurants added to the Royalty Pool on January 1, 2008. Actual number of Exchangeable Units will be determined in early 2009, effective January 1, 2008, once audited sales of the 9 restaurants are known.

**For further information:**

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