

For Immediate Release

Attention Business Editors:

PIZZA PIZZA ROYALTY INCOME FUND ANNOUNCES 2007 AND FOURTH QUARTER RESULTS

Toronto, Ontario, March 4, 2008 – Pizza Pizza Royalty Income Fund (the “Fund”) today reported its financial results for January 1, 2007 to December 31, 2007 (the “Year”) and fourth quarter results from October 1, 2007 to December 31, 2007 (the “Period”).

Full Year Highlights:

- Royalty Pool sales increased 16%
- Pizza 73 Acquisition was 4% accretive to unitholders at the July closing
- Same store sales grew 4.6%
- Distributable cash per unit increased 7.8%

Fourth Quarter Highlights:

- Same store sales grew 4.9%
- Distributable cash per unit increased 9.3%

During the Year, the Fund, indirectly through the Pizza Pizza Royalty Limited Partnership (the “Partnership”), acquired the Pizza 73 trademarks thereby increasing the Royalty Pool to 572 restaurants, with the addition of 41 “Pizza 73” locations.

Same store sales growth (“SSSG”), the key driver of yield growth for Fund unitholders, was 4.9% for the Period and 4.6% for the Year. By brand for the Period, Pizza 73 SSSG was 18.2% and Pizza Pizza SSSG was 2.6%; for the Year, Pizza 73 SSSG was 19.2% and Pizza Pizza SSSG was 3.4%.

“The exceptional Pizza 73 sales growth coupled with Pizza Pizza’s consistent growth continues to generate excellent returns for our unitholders. Pizza Pizza is very pleased with the operational performance and the progress of the integration plan at our Alberta acquisition”, said Curt Feltner, Chief Financial Officer.

The annual system sales of the restaurants in the Royalty Pool on which the Fund earns royalties increased by 16% for the Year to \$409.5 million from \$353.1 million in 2006. Sales from the 531 Pizza Pizza restaurants were \$376.4 million for the Year and sales from the 41 Pizza 73 restaurants were \$33.1 million for the period from July 24 to December 31, 2007. The increase in system sales and the corresponding royalty income was the result of the positive SSSG, the 30, net new Pizza Pizza restaurants added to the Royalty Pool on January 1, 2007, and the 41 Pizza 73 restaurants added on July 24, 2007.

Net earnings after non-cash future income taxes and issuance costs

Due to substantively enacted income tax legislation which affected all income trusts in 2007, the pre-tax earnings of \$18.7 million or \$0.954 per unit were reduced to \$10.3 million or \$0.526 per unit, as a result of recording a non-cash, future tax expense of \$8.2 million. In addition, net earnings were also affected by the write-off of issuance costs by the Partnership, the Fund's share of which was \$169,000. Net earnings in 2006 were \$15.9 million or \$0.885 per unit.

Distributable Cash

As a result of the increase in Royalty Pool sales, distributable cash for the Period increased by 9.3% to \$0.259 per unit or \$5.6 million compared to \$0.237 per unit or \$4.2 million for the fourth quarter of 2006. The Fund declared distributions of \$5.0 million or \$0.228 per unit for the period compared to \$3.8 million or \$0.213 for the same period last year, or a 7.0% increase. The payout ratio for the Period was 88%.

Distributable cash for the Year was \$18.7 million or \$0.954 per unit compared to \$15.9 million or \$0.885 per unit for 2006, equating to a 7.8% increase. The Fund declared distributions of \$17.6 million or \$0.888 per unit for the Year compared with \$15.1 million or \$0.842 per unit for 2006, or a 5.5% increase. The payout ratio for the Year was 94%.

During the Year, the Fund increased its monthly distribution in January (by 2%) and again in September (by 4%).

For those unitholders holding units outside a tax deferred plan, the 2007 distributions will be treated as 65% taxable income and 35% as a tax-deferred return of capital.

As of December 31, 2007, working capital of the Partnership was \$1.9 million (December 31, 2006 - \$1.5 million), accumulated as a reserve to cover seasonality and any unusual administrative expenditures.

Restaurants

During the Period, the Company opened seven traditional and ten non-traditional Pizza Pizza restaurants and closed one non-traditional location. During the Year, 12 traditional and 24 non-traditional Pizza Pizza restaurants were opened and eight non-traditional locations were closed. This brings the total number of Pizza Pizza restaurants to 559 of which 531 were in the Fund's 2007 Royalty Pool. The 559 restaurants are comprised of 367 traditional restaurants and 192 non-traditional locations. Seven traditional Pizza 73 restaurants were opened during the Period, bringing the total number of Pizza 73 restaurants to 57 of which 41 were in the Fund's 2007 Royalty Pool.

Effective January 1, 2008, the Royalty Pool was increased to include the royalties from 36 new Pizza Pizza restaurants and nine new Pizza 73 restaurants. The Royalty Pool was decreased by eight non-traditional Pizza Pizza locations which were closed during the Year. The nine Pizza 73 restaurants are comprised of eight traditional restaurants and one non-traditional restaurant 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.

FINANCIAL HIGHLIGHTS

The following table sets out selected financial highlights of the Fund and the Partnership:

	3 months ended		12 months ended	
	December 31, 2007 (unaudited) ⁽¹⁾	December 31, 2006 (unaudited)	December 31, 2007 (audited) ⁽¹⁾	December 31, 2006 (audited)
(in thousands of dollars, except number of restaurants and per unit amounts)				
Restaurants in Royalty Pool ⁽¹⁾	572	501	572	501
Same store sales growth	4.9%	5.0%	4.6%	4.5%
System sales reported by Pizza Pizza restaurants in the Royalty Pool	\$ 99,654	\$ 93,866	\$ 376,375	\$ 353,138
System sales reported by Pizza 73 restaurants in the Royalty Pool	19,230	-	33,124	-
	\$ 118,884	\$ 93,866	\$ 409,499	\$ 353,138
Royalty – 6% on Pizza Pizza system sales	\$ 5,979	\$ 5,632	\$ 22,583	\$ 21,188
Royalty – 9% on Pizza 73 system sales	1,731	-	2,981	-
Total Royalty on System Sales	7,710	5,632	25,564	21,188
Partnership expenses ⁽²⁾	(896)	(426)	(2,545)	(1,710)
Earnings available for distribution to the Fund and Pizza Pizza	6,814	5,206	23,019	19,478
Pizza Pizza Limited's interest ⁽³⁾	(1,619)	(1,414)	(6,200)	(5,388)
Fund equity income excluding issuance costs	5,195	3,792	16,819	14,090
Interest income ⁽⁴⁾	450	450	1,849	1,800
Distributable cash	\$ 5,645	\$ 4,242	\$ 18,668	\$ 15,890
Distributions declared	\$ 4,974	\$ 3,822	\$ 17,608	\$ 15,108
Distributable cash per unit	\$ 0.259	\$ 0.237	\$ 0.954	\$ 0.885
Distributions per Fund unit	\$ 0.228	\$ 0.213	\$ 0.888	\$ 0.842
Payout ratio	88%	90%	94%	95%
	December 31, 2007		December 31, 2006	
Total assets	\$ 212,643		\$ 171,796	
Total liabilities ⁽⁵⁾	\$ 9,866		\$ 1,275	

(1) Pizza 73 trademarks were acquired on July 24, 2007 and resulted in the addition of 41 restaurants to the Royalty Pool.

(2) The Fund, indirectly through the Partnership, incurs administrative expenses and interest expense on the \$47 million outstanding bank loan. Interest expense on the bank loan for the current quarter was \$697 and \$1.8 million for year (2006 - \$267 and \$1.1 million). Partnership expenses exclude the write-off of \$207 in issuance costs paid from the proceeds raised to acquire the Pizza 73 trademarks and rights on July 24, 2007.

(3) Represents the interest of Pizza Pizza in the earnings of the Partnership from Class B, Class C, and Class D Partnership units. The Class B units are exchangeable into Fund units based on value of the Class B Exchange Multiplier at the time of exchange as defined in the Pizza Pizza Licence and Royalty Agreement and represents 18.4% of the fully diluted units of the Fund at December 31, 2007. The Class D Units are exchangeable into Fund units based on the value of the Class D Exchange Multiplier at the time of exchange as defined in the Pizza 73 Licence and Royalty Agreement (which was nil at December 31, 2007).

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

(5) The Fund's liabilities at December 31, 2007 include \$8.2 million of future tax, which is a non-cash item (2006 – nil).

Distributable cash is not an earnings measure recognized by generally accepted accounting principles (“GAAP”) and therefore may not be comparable to similar measures presented by other issuers. Distributable cash, calculated as net earnings before non-cash, future income tax expense and issuance costs, is based on the operating activities of the Fund and its share of the operations of the Partnership. These measures are considered to be important measures used by the investment community to assess the source and sustainability of the Fund's cash distributions and should be used to supplement other performance measures prepared in accordance with GAAP in Canada.

The audited, 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 March 5, 2008.

The Fund will host a conference call to discuss the results on March 5, 2008 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 March 18, 2008 by dialing 647-436-0148 or 1-888-203-1112 and entering the reservation number: 4409074.

Forward-Looking Statements

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 and should be considered in conjunction with the other risks and uncertainties described in the Fund's Annual Information Form. The Fund assumes no obligation to update these forward looking statements, except as required by applicable securities laws.

About the Fund, a publicly-traded entity

The Fund is a limited purpose, open-ended trust established under the laws of Ontario. The Fund, indirectly through the Partnership, has acquired the trademarks and trade names used by Pizza Pizza Limited (“the Company”) in its Pizza Pizza and Pizza 73 restaurants. The Pizza Pizza trademarks were licensed to the Company in 2005 for 99 years, for which the Company pays the Fund a royalty equal to 6% of the system sales of its Pizza Pizza restaurants in the Royalty Pool. There are 559 Pizza Pizza restaurants in the Royalty Pool for 2008. On July 24, 2007, the Partnership, acquired the trademarks and other intellectual property of Pizza 73 (the “Pizza 73 Rights”) and licensed them to the Company for 99 years, for which the Company pays the Fund a royalty equal to 9% of the 50 Pizza 73 restaurants in the Royalty Pool for 2008. The 2008 Royalty Pool has 609 total restaurants.

A key attribute of the Fund is that revenues are based on top-line, system sales of the Royalty Pool restaurants and not on the profitability of either the Company or the restaurants in the Royalty Pool. Moreover, the Fund is not subject to the variability of earnings or expenses of the operating companies. The Fund's only expenses are administration expenses and the interest on debt. Thus, the success of the Fund depends primarily on the ability of the Company 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

The Company, a privately-held Canadian corporation, is one of Canada's most successful operators in the QSR industry. It operates franchised, owner/operator and corporate restaurants under the brand names Pizza Pizza and Pizza 73. The Pizza Pizza brand celebrated its 40th anniversary in 2007 and dominates the Ontario pizza QSR. The Pizza 73 brand celebrated its 22nd anniversary and was awarded the distinction of being named one of Canada's "50 Best Managed" companies for 2006. The Company 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.

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