

For Immediate Release

Attention Business Editors:

PIZZA PIZZA ROYALTY INCOME FUND ANNOUNCES THIRD QUARTER 2008 RESULTS

Toronto, Ontario, October 30, 2008 – Pizza Pizza Royalty Income Fund (the “Fund”) today reported its financial results for the third quarter ended September 30, 2008.

2008 Third Quarter Highlights compared to 2007:

- Same store sales increased 2.2%
- Royalty Pool system sales increased 10.5%
- Pre-tax earnings per unit increased 3.6%
- Working capital balance increased 21.7% and 47% year-to-date

Pizza Pizza continues to report positive sales growth. Same store sales growth (SSSG) for the third quarter increased 2.2% and increased 2.5% for the nine months ended September 30, 2008, both as compared to the same periods last year. SSSG is the key driver of yield growth for Fund unitholders and includes results of Pizza 73 restaurants.

Sales

System Sales for the 609 restaurants in the Royalty Pool increased 10.5% for the quarter to \$120.4 million compared to \$108.9 million for the 579 restaurants in the Royalty Pool for the same quarter in 2007. System sales of the Royalty Pool for the nine months ended September 30, 2008 increased by 19.8% to \$348.2 million from \$290.6 million in the comparative period in 2007. The increase in system sales was the result of the positive SSSG plus the 37, net new restaurants added to the Royalty Pool on January 1, 2008, and the 41 Pizza 73 restaurants added to the Royalty Pool on July 24, 2007 with the acquisition of the Pizza 73 trademarks.

Net earnings

Net earnings for the current quarter were \$5.6 million compared to net earnings of \$708,000 for the third quarter last year, which had pre-tax earnings of \$5.1 million reduced by \$4.2 million of non-cash future income taxes and \$169,000 of issuance costs. Pre-tax earnings per unit for the third quarter increased 3.6% to \$0.257 from \$0.248 per unit during the same quarter in 2007.

On a year-to-date basis, pre-tax earnings per unit increased 6.9% to \$0.740 per unit from \$0.692 per unit during the same period in 2007. Year-to-date earnings in 2008 have benefited from the accretive acquisition of the Pizza 73 trademarks in the third quarter last year. Earnings for the year, before future tax and issuance costs, were \$16.2 million and were increased to \$18.4 million as a result of a non-cash future tax recovery of \$2.2 million. For the same nine month period in 2007, the Fund had earnings before future tax of \$13.0 million which were reduced to a loss of \$44,000 as a result of a \$12.9 million provision for future income taxes and \$169,000 of issuance costs which were unrelated to normal business operations. The provision for or recovery of future income taxes are non-cash items and are the result of federal tax legislation requiring a provision for future income tax expense.

Distributions

The Fund declared distributions of \$5.1 million or \$0.233 per unit for the quarter, equating to a 90% payout ratio; for the 2007 comparable quarter, the Fund declared distributions of \$4.8 million or \$0.222 per unit for a payout ratio of 94%. For the nine months ended September 30, 2008, the Fund declared distributions of \$15.1 million or \$0.690 per unit, equating to a 93%

payout ratio; for the 2007 comparable period, the Fund declared distributions of \$12.6 million or \$0.660 per unit for a payout ratio of 97%.

During the first nine months of 2008, working capital of the Pizza Pizza Royalty Limited Partnership (the "Partnership") increased 47% to \$2.8 million (December 31, 2007 - \$1.9 million) and is accumulated as a reserve to cover seasonality and any unusual administrative expenditures.

Restaurants

During the third quarter, seven traditional and six non-traditional locations were opened and two traditional and one non-traditional location closed. On a year-to-date basis, ten traditional and eighteen non-traditional locations have opened and two traditional and five non-traditional locations have closed. This brings the total number of locations to 637, of which 432 are traditional restaurants and 205 are non-traditional locations.

FINANCIAL HIGHLIGHTS

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

	3 months ended		9 months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
(in thousands of dollars, except number of restaurants and per unit amounts)				
Restaurants in Royalty Pool	609	572	609	572
Same store sales growth	2.2%	5.1%	2.5%	5.0%
System sales reported by Pizza Pizza restaurants in the Royalty Pool	\$ 99,894	\$ 95,041	\$ 288,054	\$ 276,721
System sales reported by Pizza 73 restaurants in the Royalty Pool	20,493	13,894	60,130	13,894
	120,387	108,935	348,184	290,615
Royalty – 6% on Pizza Pizza system sales	\$ 5,994	\$ 5,703	\$ 17,283	\$ 16,604
Royalty – 9% on Pizza 73 system sales	1,844	1,250	5,412	1,250
Total Royalty on System Sales	7,838	6,953	22,695	17,854
Partnership expenses	(810)	(813)	(2,489)	(1,649)
Earnings available for distribution to the Fund and Pizza Pizza Limited	7,028	6,140	20,206	16,205
Pizza Pizza Limited's interest	(1,867)	(1,564)	(5,412)	(4,581)
	5,161	4,576	14,794	11,624
Interest income	450	499	1,350	1,399
Net earnings before non-cash future income tax expense and issuance costs of \$169	5,611	5,075	16,144	13,023
Provision for (recovery of) future income taxes	-	4,198	(2,235)	12,898
Net earnings (loss)	\$ 5,611	\$ 708	\$ 18,379	\$ (44)
Basic earnings per Fund unit excluding the impact of non-cash future income tax expense and issuance costs	\$ 0.257	\$ 0.248	\$ 0.740	\$ 0.692
Basic earnings per Fund unit	\$ 0.257	\$ 0.035	\$ 0.842	\$ -
Diluted earnings per Fund unit	\$ 0.253	\$ 0.035	\$ 0.807	\$ -
Distributions declared	\$ 5,073	\$ 4,772	\$ 15,056	\$ 12,634
Distributions per Fund unit	\$ 0.233	\$ 0.222	\$ 0.690	\$ 0.660
Payout ratio	90%	94%	93%	97%

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 October 31, 2008.

The Fund will host a conference call to discuss the results on October 31, 2008 at 9:00 a.m. EDT. The call can be accessed by dialing 416-640-3406 or 1-866-322-8032. A replay will be available until November 13, 2008 by dialing 647-436-0148 or 1-888-203-1112 and entering the reservation number: 4270861.

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 Pizza Pizza to maintain and increase system sales of the Royalty Pool restaurants 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 quick service industry. The Pizza 73 brand is celebrating its 23rd anniversary in 2008. 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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