

For Immediate Release

Attention Business Editors:

Pizza Pizza Royalty Income Fund Announces July Distribution and Second Quarter Sales Growth

Toronto, July 21, 2008 - Pizza Pizza Royalty Income Fund (the "Fund") (TSX: PZA.UN) today announced a cash distribution of \$0.0775 per unit for the month of July, 2008. The distribution will be payable to unitholders of record at the close of business on July 31, 2008, and will be paid on August 15, 2008.

Sales Growth

Pizza Pizza Limited posted same store sales growth (SSSG) of 1.3% for the second quarter ended June 29, 2008 when compared to the same quarter in 2007; year-to-date SSSG is 2.7%. SSSG is the key driver of yield growth for Fund unitholders and includes results of Pizza 73 restaurants.

System Sales for the 609 restaurants in the Royalty Pool increased 24% for the quarter to \$114.3 million compared to \$92.2 million for the 531 restaurants in the Royalty Pool for the same quarter in 2007. By brand, sales from the 559 Pizza Pizza restaurants were \$94.2 million and sales from the 50 Pizza 73 restaurants were \$20.1 million. In addition to the positive same store sales growth, system sales increased as a result of adding 37 net, new restaurants to the Royalty Pool on January 1, 2008, plus the addition of 41 Pizza 73 restaurants in July 2007.

"Pizza Pizza is pleased to report continued, positive sales growth. Our Ontario consumers continue to be very price-sensitive and we have met this demand with competitive value initiatives. This quarter's marketing strategies resulted in significant increases in pizza unit sales when compared to the same quarter last year", said Curt Feltner, Chief Financial Officer.

About the Fund

The Fund is a limited purpose, open-ended trust established under the laws of Ontario. The Fund, indirectly through the Pizza Pizza Royalty Limited Partnership (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.

For further information:

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