

For Immediate Release

Attention Business Editors:

**PIZZA PIZZA ROYALTY INCOME FUND ANNOUNCES
THIRD QUARTER FINANCIAL RESULTS**

Toronto, Ontario, November 10, 2011 – Pizza Pizza Royalty Income Fund (the “Fund”) and Pizza Pizza Limited (“PPL”) today announced results for the third quarter ended September 30, 2011.

Third Quarter Highlights

- Same store sales increased 2.2%
- Earnings per unit before income taxes increased 7.7%
- Payout ratio was 90%
- Working capital increased \$427,000

Sales

Same store sales growth (“SSSG”) increased 2.2% (0.8% - 2010) for the quarter compared to the prior year quarter; for the nine month period SSSG has increased 3.1% (-0.5% - 2010) over the same prior year period. By brand, for the third quarter, Pizza Pizza’s SSSG increased 2.1% and Pizza 73’s increased 2.6%. SSSG is the key driver of yield growth for Fund unitholders.

Paul Goddard, CEO, Pizza Pizza Limited, said: “Our market-leading brands continue to perform well in a competitive industry and in an uncertain economy. The geographic diversification of our brands, our value-driven promotions and our evolving menu are resonating well with consumers.”

System sales from the 695 restaurants in the Royalty Pool for the quarter ended September 30, 2011 were \$117.7 million. For the prior year, comparative quarter, system sales for the 671 restaurants in the Royalty Pool were \$114.8 million. Sales at the Pizza Pizza chain benefited from an increase in traffic counts, offset by a slight decrease in the average customer cheque. At the Pizza 73 brand, customer traffic counts and the average customer cheque both increased slightly.

Earnings

The third quarter’s basic earnings per Fund unit is \$0.411. Adjusted basic earnings per unit for the third quarter is \$0.238 compared to the prior year period’s adjusted basic earnings per unit of \$0.221, or a 7.7% increase. Basic earnings per unit is adjusted by the per unit effect of current income tax expense, non-cash deferred tax expense, mark-to-market adjustment on exchangeable units, and the non-cash termination costs and repayment on the interest swap agreement.

Current Income Taxes

The Specified Investment Flow-Through (“SIFT”) tax legislation enacted in 2007 and which applies to the Fund commencing on January 1, 2011, created a current tax liability of \$945,000 for the third quarter and \$2.7 million for the first nine months ended September 30, 2011. This reflects the SIFT tax rate of 28.25% and the use of discretionary deductions to lower taxable income.

Unitholder Distributions

The Fund declared and made distributions, which will be treated as eligible dividends, of \$3.8 million or \$0.1752 per unit for the quarter ended September 30, 2011, equating to an 90% payout ratio, compared to \$5.1 million or \$0.2325 per unit in interest income for the prior year quarter, which equated to a 105% payout ratio.

During the third quarter, the working capital reserve increased \$427,000 to \$2.2 million at September 30, 2011, this after a \$945,000 provision for third quarter income taxes and a reclassification of borrowings.

Beginning with the January 2011 distribution, payable February 15, 2011, the Trustees set the monthly distribution to unitholders at \$0.0584 per unit or \$0.70 annually. At this level, the Fund believes that the eligible dividend portion of the Fund's distribution combined with the return of capital component of the distribution will provide taxable Canadian individuals with an effective after-tax yield comparable to 2010 levels. There can be no assurance that this effective after-tax yield will be maintained in the future, whether as a result of changes in distribution levels or as a result of changes in the tax attributes of the Fund's income or other tax planning strategies.

Credit Facility

In conjunction with the anticipated early renewal of the credit facility, in July 2011, the Fund's subsidiary, Pizza Pizza Royalty Limited Partnership (the "Partnership") terminated its three existing interest rate swaps at a future cost of \$1.2 million; this cost has been blended and extended into two new interest rate swap agreements. The credit facility's interest rate is comprised of a portion fixed using the new swap agreements plus a credit spread. Beginning July 25, 2011, the interest rate portion fixed with the new swaps has decreased from a blended rate of 4.04% to 2.87%, for the five year term of the new swaps. The two new swaps, each at \$23.5 million and the blend and extend adjustment, will obligate the Partnership to pay the swap counterparties an amount based upon a fixed interest rate of 2.87% per annum plus the current credit spread of 1.25%. The credit spread of 1.25% will be renegotiated when the related credit facility is renewed which is targeted to occur prior to December 31, 2011. Indicative credit spread pricing is quoted by two financial institutions to be 1.5% upon renewal but can increase or decrease with the Fund's financial performance as per the credit facility agreement.

Selected Financial Highlights

The following table sets out selected financial information and other data of the Fund and should be read in conjunction with the unaudited consolidated financial statements of the Fund. Readers should note that the 2011 results are not directly comparable to the 2010 results due to the difference in the number of restaurants in the Royalty Pool between the two periods.

	3 months ended		9 months ended	
	September 30, 2011 (unaudited)	September 30, 2010 (unaudited)	September 30, 2011 (unaudited)	September 30, 2010 (unaudited)
(in thousands of dollars, except number of restaurants, days in the quarter and per unit amounts)				
Restaurants in Royalty Pool	695	671	695	671
Same store sales growth	2.2%	0.8%	3.1%	-0.5%
Days in the Quarter	92	92	273	273

System Sales reported by Pizza Pizza restaurants in the Royalty Pool	\$	98,783	\$	95,757	\$	288,072	\$	277,703
System Sales reported by Pizza 73 restaurants in the Royalty Pool		18,897		19,002		56,219		55,815
	\$	117,680	\$	114,759	\$	344,291	\$	333,518
Royalty – 6% on Pizza Pizza System Sales	\$	5,927	\$	5,745	\$	17,284	\$	16,662
Royalty – 9% on Pizza 73 System Sales		1,701		1,710		5,060		5,024
Total Royalty on System Sales		7,628		7,455		22,344		21,686
Partnership expenses ⁽¹⁾		(673)		(796)		(2,222)		(2,343)
Earnings available for distribution to the Fund and Pizza Pizza Limited		6,955		6,659		20,122		19,343
Pizza Pizza Limited's interest		(2,216)		(2,283)		(6,410)		(6,850)
Equity income		4,739		4,376		13,712		12,493
Interest income		450		450		1,350		1,350
Net earnings before income tax expense ⁽²⁾	\$	5,189	\$	4,826		15,062	\$	13,843
Provision for current income taxes		(945)		-		(2,682)		-
Net earnings from operations	\$	4,244	\$	4,826		12,380	\$	13,843
Basic earnings per unit before income tax expense ⁽²⁾	\$	0.238	\$	0.221	\$	0.690	\$	0.634
Basic earnings (loss) per unit ⁽³⁾	\$	0.411	\$	(0.070)	\$	0.499	\$	0.476
Diluted earnings (loss) per unit ⁽³⁾	\$	0.149	\$	(0.070)	\$	0.480	\$	0.476
Distributions declared	\$	3,823	\$	5,073	\$	11,468	\$	15,218
Distributions per Fund unit	\$	0.1752	\$	0.2325	\$	0.5256	\$	0.6975
Payout ratio		90%		105%		93%		110%
				September 30, 2011				December 31, 2010
Working capital ⁽⁴⁾				2,169				1,236
Total assets				355,821				351,828
Total liabilities				156,628				151,922

- (1) Partnership incurs administrative expenses and interest expense on the \$47 million outstanding bank loan. Additionally, the Partnership incurred a non-cash expense of \$1.2 million associated with the termination of its interest rate swaps which has been excluded from this calculation. Interest expense on the bank loan, including the \$46,000 repayment of the termination costs, for the three and nine months ended September 30, 2011 was \$532,000 and \$1.8 million, respectively.
- (2) "Net earnings before income tax expense" and "Basic earnings per Fund unit before income tax expense" are not recognized measures under Canadian GAAP. References to net earnings before income tax expense are to earnings determined in accordance with GAAP applicable to the financial statements before amounts for taxes, non-cash swap termination costs, and change in fair-value of exchangeable units, as included in net earnings. The Fund believes that, in addition to net earnings, net earnings before income tax expense is a useful supplemental measure in evaluating its performance as it provides investors with an indication of operating earnings. Investors are cautioned, however, that this should not be construed as an alternative to net earnings as a measure of profitability. The method of calculating net earnings before income tax expense for the purposes of this report may differ from that used by other issuers and, accordingly, it may not be comparable to that used by other issuers.
- (3) Basic earnings per Fund unit and Diluted earnings per Fund unit for 2011 include the effect of non-cash charges of "Change in fair value of exchangeable units" of \$6.3 million and \$1.7 million, "deferred tax expense" of \$945,000 and \$2.7 million, and "termination cost on derivative financial instrument" of \$1.2 million for the three and nine months ended September 30, 2011, respectively.
- (4) Working capital excludes a \$47 million outstanding bank loan, transferred to short term liabilities for the quarter as a result of a July 2012 maturity date. Early renewal of the credit facility is expected prior to December 31, 2011.

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.pizzapizza.ca on or before November 11, 2011.

The Fund will host a conference call to discuss the results on Thursday, November 10, 2011 at 6:00 p.m. EST. The call can be accessed by dialing 416-640-5925 or 1-800-711-9538. A replay will be available until Thursday, November 24, 2011 by dialing 647-436-0148 or 1-888-203-1112 and entering the reservation number: 7499505.

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; risk of technology failures; accounting policies and practices; and the results of operations and financial condition of PPL. 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 PPL in its Pizza Pizza and Pizza 73 restaurants. The Pizza Pizza trademarks were licensed to PPL in 2005 for 99 years, for which PPL pays the Fund a royalty equal to 6% of the system sales of its Pizza Pizza restaurants in the Royalty Pool. There are 607 Pizza Pizza restaurants in the Royalty Pool for 2011. On July 24, 2007, the Partnership acquired the trademarks and other intellectual property of Pizza 73 and licensed them to PPL for 99 years, for which PPL pays the Fund a royalty equal to 9% of the 88 Pizza 73 restaurants in the Royalty Pool for 2011.

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 PPL 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 current income tax, administration expenses and the interest on debt. Thus, the success of the Fund depends primarily on the ability of PPL 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.

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