



Pizza Pizza Royalty Income Fund

ANNUAL GENERAL MEETING | MAY 9, 2006



Elizabeth Wright

Chair, Pizza Pizza Royalty Income Fund



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Call to Order:

Pizza Pizza Royalty Income Fund (which we will refer to as the “Fund”) completed its initial public offering in July 2005, raising almost \$180 million dollars, to acquire the trademarks and rights of Pizza Pizza Limited (which we will refer to as “Pizza Pizza”).

The Fund has licensed the marks and rights back to Pizza Pizza, for which Pizza Pizza pays the Fund a Royalty on its system sales.

Pizza Pizza, predominantly operating in Ontario, was founded in Toronto in 1967 and is one of Ontario’s most recognizable brands. Who hasn’t heard the memorable phone jingle.. [play 967-1111]

With its modern restaurant network and experienced management team, Pizza Pizza serves over 28 million customers annually and lives by the promise...”always the best food made especially for you...guaranteed”.

- This presentation will contain forward-looking statements.
- Investors should be aware that any forward-looking statements are subject to risk and uncertainties that could cause actual results to differ materially from those disclosed here today.
- Management does not intend to discuss any undisclosed material information today.

Michael Overs

Chief Executive Officer, Pizza Pizza Limited

Management Presentation



- **Operational Highlights - 2005/2006**
- Pizza Pizza Brand
- Restaurant Growth and Renovations
- Strategy

Good afternoon and thank you for coming.

I'm the CEO of Pizza Pizza Limited, the operating company which pays a 6% royalty on top-line restaurant sales to the Fund.

Pizza Pizza Limited has an effective 20.3% interest in the Fund and we have agreed to maintain at least a 20% interest until June 30, 2007.

I would like to give you an overview of Pizza Pizza Limited's operational highlights for 2005-2006

I will also discuss the Pizza Pizza Brand, Restaurant Growth and Renovations, and finish with our Strategy.

- **Sales**

- Annual sales were **\$335m** in 2005
- SSSG averaged **5.7%** in 2005 vs 2004
- Market share is over **20%**

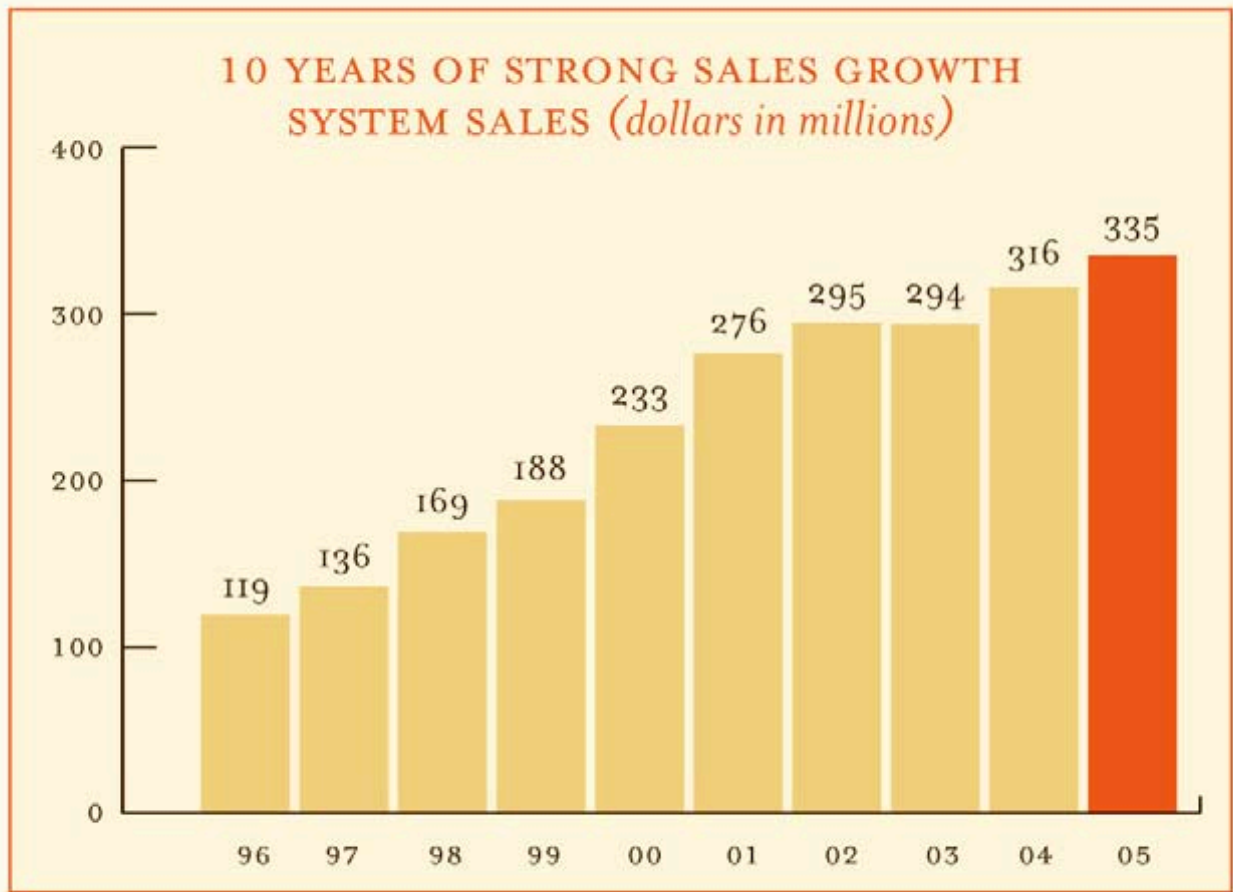
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Annual sales were \$335m in 2005.

For the last five years, our SSSG has averaged close to 6% and our market share has been over 20%.

How do we accomplish this?

- We offer convenience & quality
- We provide strong support for our restaurants
- We have a \$21 million + marketing budget
- We continue to introduce new offerings



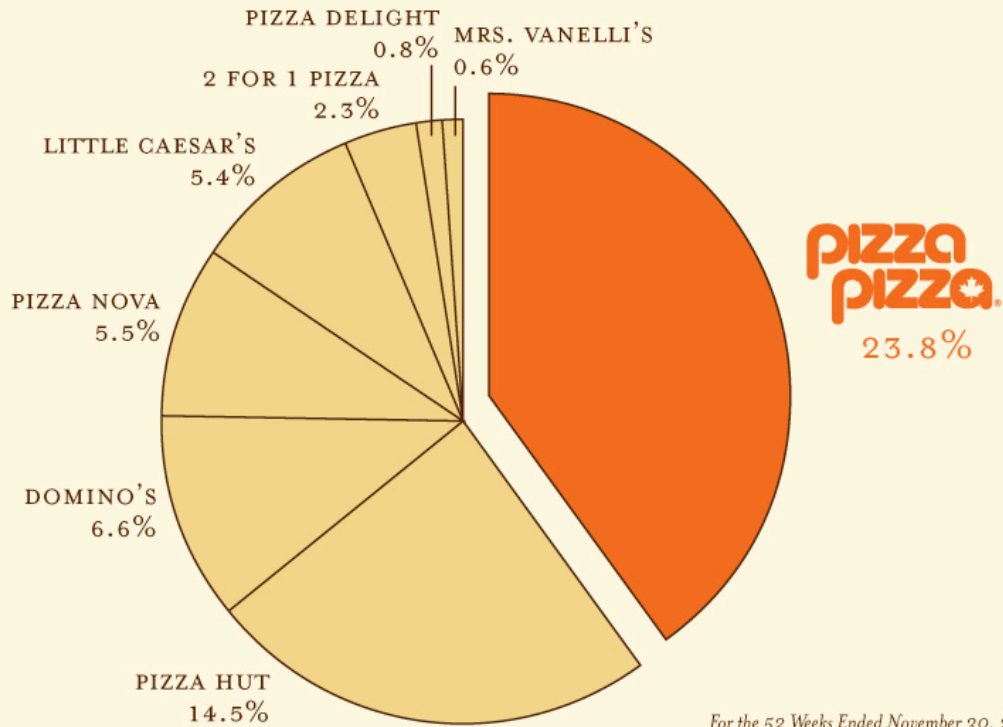
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Our System Sales have enjoyed sustained growth, almost tripling over the last ten years.

Since the Fund's 6% royalty is based on top-line sales, we monitor our System Sales weekly in ways unique to Pizza Pizza to ensure all sales are properly reported by our restaurants. We can essentially tell our restaurants what their sales were for the preceding week. We have several matrices to dissect each restaurant's sales vs. comparables to ensure all revenue is correctly reported, which also helps our partners to manage their businesses.

Leading Market Share

Top QSR Pizza Operators in Ontario Market Share by Dollars



For the 52 Weeks Ended November 30, 2005
Source: NPD Group, NPD Foodworld

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Our Ontario Market share has consistently exceeded 20% over the past five years.

In 2005 our market share was 23.8%, according to NPD, the industry standard for measurement.

Pizza Pizza Limited Report Card and Strategy



- Operational Highlights - 2005/2006
- **Pizza Pizza Brand**
- Restaurant Growth and Renovations
- Strategy

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Next I would like to take you through our recent brand initiatives.

The “Pizza Pizza” Brand: Growing and Protecting



- **Marketing**

- 2005 spend was \$21 million in Ontario
- Introduce new products
- Successful promotions

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We have a duty to Grow and Nurture the Brand and we do this in various ways.

Our in-house Marketing department spends over \$21 million annually in increasing media exposure, creating industry-leading promotions and supporting new products.



In 2002 we introduced our Gourmet line of pizzas, our most popular being Mediterranean Vegetarian.



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In 2003 we expanded our line of Chicken Wings, adding Crispy Breaded and Lightly Breaded offerings.



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In 2004 we introduced our line of garden fresh salads, such as our Tuscan Chicken and Mandarin Chicken Salads.



MEDIUM
5 TOPPING PIZZA
\$8.99
WALK-IN ONLY!



Always the best food, made especially for you!



INTERAC available in store only. Not valid in conjunction with any other offer or coupon. Taxes extra. Some restrictions apply. Offer subject to expire without notice. Registered trademarks of Pizza Pizza Royalty Limited Partnership, used under license. © Pizza Pizza 2005. 0005298



In 2005 we introduced a 15 minute, five topping pizza with a Hot & Fresh walk-in guarantee at \$8.99 to compete with the grocery store frozen pizzas and to drive traffic to our newly renovated restaurants.



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In January 2006 we introduced a pan pizza to compete with the traditional pizza offered by Pizza Hut.

These are just a few examples of how we strive to maintain and grow our market share.

The “Pizza Pizza” Brand: Growing and Protecting



- Our Sales force is our Franchisees:
 - Trained and re-certified annually
 - Restaurants are monitored for quality and cleanliness by our sales force and secret shoppers



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Our Franchisees are the face the Customer sees. We coach, train and retrain Franchisees continuously on a weekly basis. Over 2000 people take courses in our teaching centre annually. As well, we have trainers who take our skills and product knowledge on the road across our system and the systems of our non-traditional partners.

As well we monitor our restaurants’ performance using several tools. For example, we have web-enabled cameras in all our restaurants to monitor store operations, which also allows our franchisees to “visit” their restaurants remotely.

Additionally, our Quality Assurance sales force of over 20 people perform weekly or bi-weekly visits to our restaurants.

Further, we have an independent, third-party secret shopper program.

Pizza Pizza Limited Report Card and Strategy



- Operational highlights - 2005/2006
- Pizza Pizza Brand
- **Restaurant Growth and Renovations**
- Strategy

Restaurant growth and our “Renovation” program.

Renovation Program



- Over 91% renovated at March 31, 2006
- Renovated 24 in 2005
- Expect to renovate 23 in 2006
- Weekly franchisee renovation contributions

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Over 91% of our Traditional restaurants have been renovated/moved within the last seven years.

We renovated 24 in 2005 and expect to renovate 23 in 2006.

Our renovation program is funded by weekly contributions from our franchisees which provides for continuous restaurant updating. I believe we are one of few (if there any others) that have a formal renovation “pool” of funds. This continual upgrading helps ensure our customers enjoy a positive experience which protects the Brand and the Fund.

The renovation program provides restaurants with seating capacity for 25–40 customers and oven–capacity to grow from a current average annual sales of \$900,000 to potentially \$1.5 million.

Here are a few examples of recent renovations.



BEFORE: Restaurant 702

Our Cornwall location before renovation.



AFTER: Restaurant 702

This is after – you can see where we were next door.



R057 relocated.....



AFTER: Restaurant 57

New R57 Across the street



R 204 Before relocation



Restaurant #204 Ottawa. This restaurant is a couple of blocks away in the same trading area.



Restaurant 40 before...



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Expanded in the same site

Because we are moving from a 1000–1200 sq. ft. model to a 2200–2500 sq. ft. model, it has not been possible to merely “renovate” our existing locations, but has been necessary to secure a new site in almost all instances.

Additionally, we have 3 construction supervisors, with multiple crews, continuously updating our renovated restaurants.



This is an interior of a typical, renovated location.

Number of Restaurants



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We have opened twelve additional restaurants in the last 12 months:

Four traditional

Eight Nontraditional

There are now 512 points of sale:

- 344 Traditional locations in Ontario and western Quebec offering delivery, dine-in or take out
- 168 Non-traditional sites across the country, in 8 provinces.

- Continuously work to attract the best Franchisees by constantly improving restaurant profitability.
- Remain focused on SSSG at restaurants in our predominantly Ontario market.
- Maintain a modernized restaurant network.
- Strive to continuously deliver the highest quality products to our Customers, consistently and conveniently.
- Seek opportunities in other provinces

Our Pizza Pizza strategy is:

- Pizza Pizza is dedicated to attracting the best Franchisees by constantly improving restaurant profitability.
- We focus on the SSSG in our restaurants.
- We maintain a modernized restaurant network.
- We strive to deliver the highest quality products to our Customers, consistently and conveniently.
- We are growing our restaurant network in our predominant markets as well as considering both traditional and non-traditional growth in other provinces.

This strategy has been and will be the reason for our continued success.

And now I will turn this meeting over to Curt Feltner who will provide the financial overview.

Curt Feltner

Chief Financial Officer, Pizza Pizza Limited

Financial Presentation



2005 Financial Performance



- Pizza Pizza Royalty Income Fund (“Fund”)
- Pizza Pizza Limited (“Pizza Pizza”)
 - Operating Company

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Thank you.

In addition to the performance of the PPRIF or the “Fund”, I’ll also review Pizza Pizza Limited, the operating company, which pays a 6% royalty to the Fund.

Let’s look at Pizza Pizza, the operating company first...

- 2005 Facts
- 2005 Performance



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In reviewing Pizza Pizza Limited.....We'll look at some important facts from last year as well as review the operating company's financial performance.

Pizza Pizza Limited

2005 Facts



- Management team member averages 20 years
- System sales growth – 5.7%
- Rights and Marks sold to the Fund
- Three distinct Revenue sources
 - Franchise royalties
 - Restaurant food and supplies sales to Restaurants
 - Fund entitlements by vending in restaurants
- Retains 20.3% of the fully diluted Fund units
- Year end date changed

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Our seven member Management team averages over 20 years with PP. Last year was another terrific year as the Team grew our same store sales 5.7%.

As you know, in 2005, PP sold its Rights and Marks to the Fund, and then licensed the rights back...agreeing to pay a 6% royalty on top-line restaurant sales.

To support the royalty payment to the Fund, PP has three revenue sources: Franchise royalties, sales of food and supplies to our Restaurants plus annually we receive Fund units when new restaurants are vended into the Fund.

PP holds a 20.3% interest in the fully diluted units of the Fund. PP has agreed to maintain at least a 20% interest until June 30, 2007.

..And just as a reminder note, in 2005, ...PP changed its year end date to the Sunday closest to Dec 31st from Sept 30th) This change resulted in a 13 week reporting period ended Jan 1, 2006.Let's look at the highlights for this period.

Pizza Pizza Limited Consolidated



	13-weeks ended April 2, 2006	13-weeks ended January 1, 2006
	<i>(Dollars in thousands)</i>	
	Softest Quarter	Strongest Quarter
System Sales	\$ 84,531	\$ 89,917
Same store sales growth	5.4%	6.0%
Number of Restaurants:	512	505
New restaurants opened	9	1
Restaurants closed	2	2
Earnings before taxes and non-controlling Fund interest	4,265	4,439
EBITDA before non-controlling Fund interest	\$ 5,708	\$ 5,792

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Since we don't have 2004 comparables, this slide compares the short year ended Jan 1, to the 1st quarter ended April 2, 2006 released last week.... effectively comparing the last two 13 week quarters.

...Historically, the first quarter is the softest in terms of sales for our industry and the fourth quarter has been our strongest.

SSSG was 5.4 % for Q1 2006 and 6% for the fourth quarter 2005.

Number of Restaurants have increased to 512 from 505...In the first quarter of 2006 we opened 9 and closed two. The previous quarter we opened 1 and closed 2. (The nine opened included 5 T and 4 NT. The two closed were NT)

Earnings b4 taxes and non-controlling Fund interest were \$4.3 m compared with \$4.4 last qtr. Keep in mind this is the operating company.

The most important number of the slide is the EBITDA line which, when annualizing the two quarters shown... equals a \$23m EBITDA.

Compare this to the \$19.8 million shown in our Prospectus from last summer and you get a confirmation of the Operating company's strength.

...So that's a brief overview of the operating company.

Now, Let's now look at the Fund's performance.

- Unitholder Information
- 2005 financial performance
- First quarter 2006 performance
- Royalty pool
- Advantages of PPRIF

In reviewing the Fund's performance...

I'll provide an overview of:

- Unitholder information,
- Review the partial year 2005 &
- the 1st quarter of 2006.

We'll also discuss:

the Royalty Pool and

Cover a few advantages of owning PPRIF.

...First the Unitholder information..

Unitholder Information



Market capitalization	\$184 million
Public Units outstanding	17,952,000
Fully Diluted units	22,515,120
Pizza Pizza Limited Interest	20.3%
Current monthly distribution	\$0.0695
Unit price as of May 8	\$10.20
Recent yield	8.2%
2005 taxable portion of distributions	46.2%

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The Fund was formed July 6, 2005 and is a restaurant royalty trust.

PPRIF is the largest restaurant royalty trust measured by number of public units... at almost 18m units equating to a Current market cap of \$184m.

PPL retains 20.3% of the Fund so the fully diluted units are 22.5 million.

Units closed yesterday at \$10.20 for an 8.2% yield.

The taxable portion of distributions in 2005 was 46.2%.

...Looking at the 2005 Fund financial Highlights

2005 Fund Highlights Since the IPO



(on July 6, 2005 to December 31, 2005)

- SSSG = 6%
- Earnings per Fund unit \$0.438 for 179 Days
- Distributions per Fund unit \$0.392
- Payout ratio 89%
- Increased distributions November 2005 by 2%

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The Fund derives revenues from its 79.7% investment in the underlying Partnership and also earns interest income on the \$30 million loan to PPL.

For 179 days of operations in 2005;

SSSG was 6%

Earnings per Fund unit was 43.8 cents for the partial year.

Distributions per unit was 39.2 cents

Equating to an 89% payout ratio

Distributions were increased 2% in November as a direct result of the 6% SSSG.

- SSSG = 5.4%
- Earnings per Fund unit \$0.2053 for 90 Days
- Distributions per Fund unit \$0.2071
- Payout ratio 101%
- Increased distributions February 2006 by 2%
- Payout ratio since IPO = 93%.

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Now let's look at the Fund's financial performance for Q1 2006. No surprises here!

The Fund operated 90 days in Q1 2006. This quarter has generally been our softest sales quarter and has the least number of days of the four quarters.

SSSG for the period was 5.4%

Earnings per Fund unit was 20.5 cents

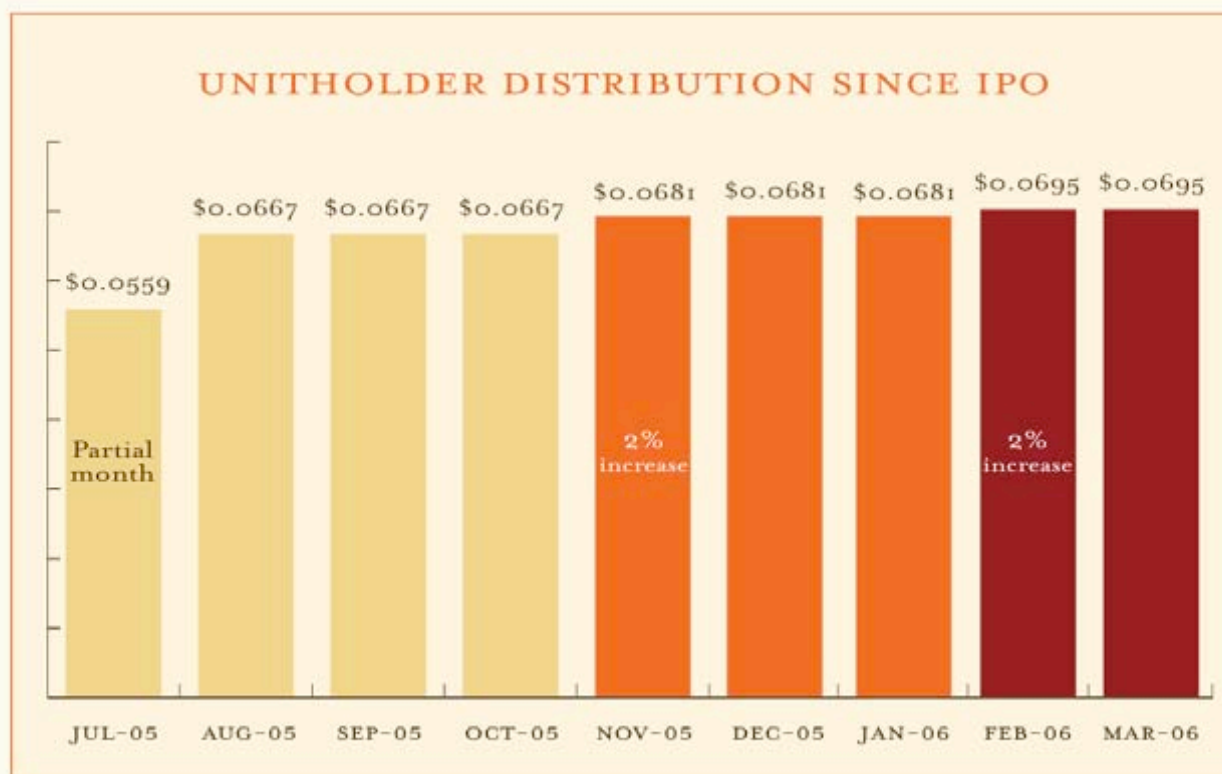
Distributions per unit was 20.7 cents for the quarter.

Equating to a 101% payout ratio.

The Fund increased distributions in Feb 2006 by 2%

The Fund has accumulated an \$800,000 reserve to cover seasonality.

Payout ratio since the Fund began operations = 93%



Recapping Distributions ...

At the IPO date last July, an initial \$10 investment had a yield of 8%. Today that \$10 investment currently yields 8.34%

The Fund has increased distributions twice as a result of the consistent SSSG. Once in Nov 2005 and again in Feb 2006.

While increasing distributions twice, we have also accumulated a cash reserve.

Now I'd like to share some details about what is called the Fund's "Royalty Pool".

Royalty Pool



- Jan 1, 2006 - 501 Royalty Pool restaurants
- Year to date...
 - Opened 14 eligible restaurants
 - Closed two

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Pizza Pizza pays a 6% royalty to the Fund on the sales from the restaurants in the Royalty Pool.

There are 501 restaurants in the Royalty pool for 2006.

Annually, on January 1, PP will “vend-in” royalties from new restaurants net of royalties from restaurants closed.

...Since last Sept. 1, we have:

Opened 14 restaurants available to be vended in (five traditional; nine Non-traditional)

We have closed two low volume non traditional locations.

These, plus further openings through Sept 1, 2006 will be vended in next January 1.

Advantages

Pizza Pizza Royalty Income Fund



- Top-line royalty fund
- No CapEx requirements
- Fixed Interest rate on the credit facility:
 - through January 2010
- Return of capital was 53.8% in 2005 and is projected to be similar in 2006.
- Operating company in business almost 40 years.
 - Marketing funded by Franchisees
 - Renovations funded by Franchisees.

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Let's look at some Advantages of the Fund.

First, we're a top-line royalty Fund

We have no capital expenditure requirements so we will tend to have a higher payout ratio.

Federal Interest rate increases are not affecting the Fund's cash flow since the loan interest rate is fixed through January 2010. (Our current rate of 5.5% can reduce to 5.3% when the Fund meets a \$20m EBITDA test.)

Another advantage of the Fund is the Return of capital portion of distributions which was 53.8% in 2005 and will be similar in 2006.

And Finally, Pizza Pizza, the operating company, has been in business almost 40 years, and two major sales growth drivers, (Marketing and Restaurant Renovations) are funded by Franchisees.

Thank you for your interest in our Fund. I'm available by telephone or email at any time to answer technical questions. This concludes the Management presentation. A copy of this presentation will be available on the Fund's website.

I will turn the meeting back to Elizabeth Wright, who will chair a Q&A session.



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