

Pizza Pizza Royalty Income Fund

**ANNUAL and SPECIAL
UNITHOLDER MEETING
MAY 30, 2012**





Elizabeth Wright

Chair, Pizza Pizza Royalty Income Fund

Forward-Looking Statement

- 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.

PIZZA PIZZA

Hot - Fresh
PIZZA PIZZA
Ontario's #1 Pizza!

967-11-11

Paul Goddard CEO, Pizza Pizza Limited

Attractive Royalty Revenue

6% of System Sales



\$23M in Royalty Revenue

9% of System Sales

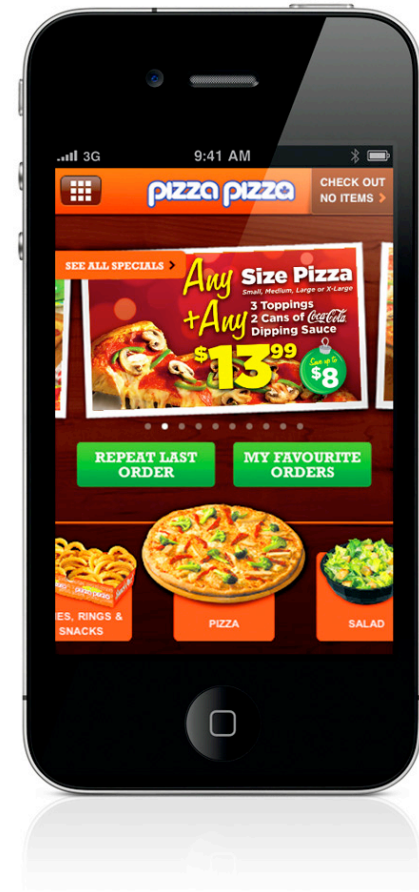


\$7M in Royalty Revenue

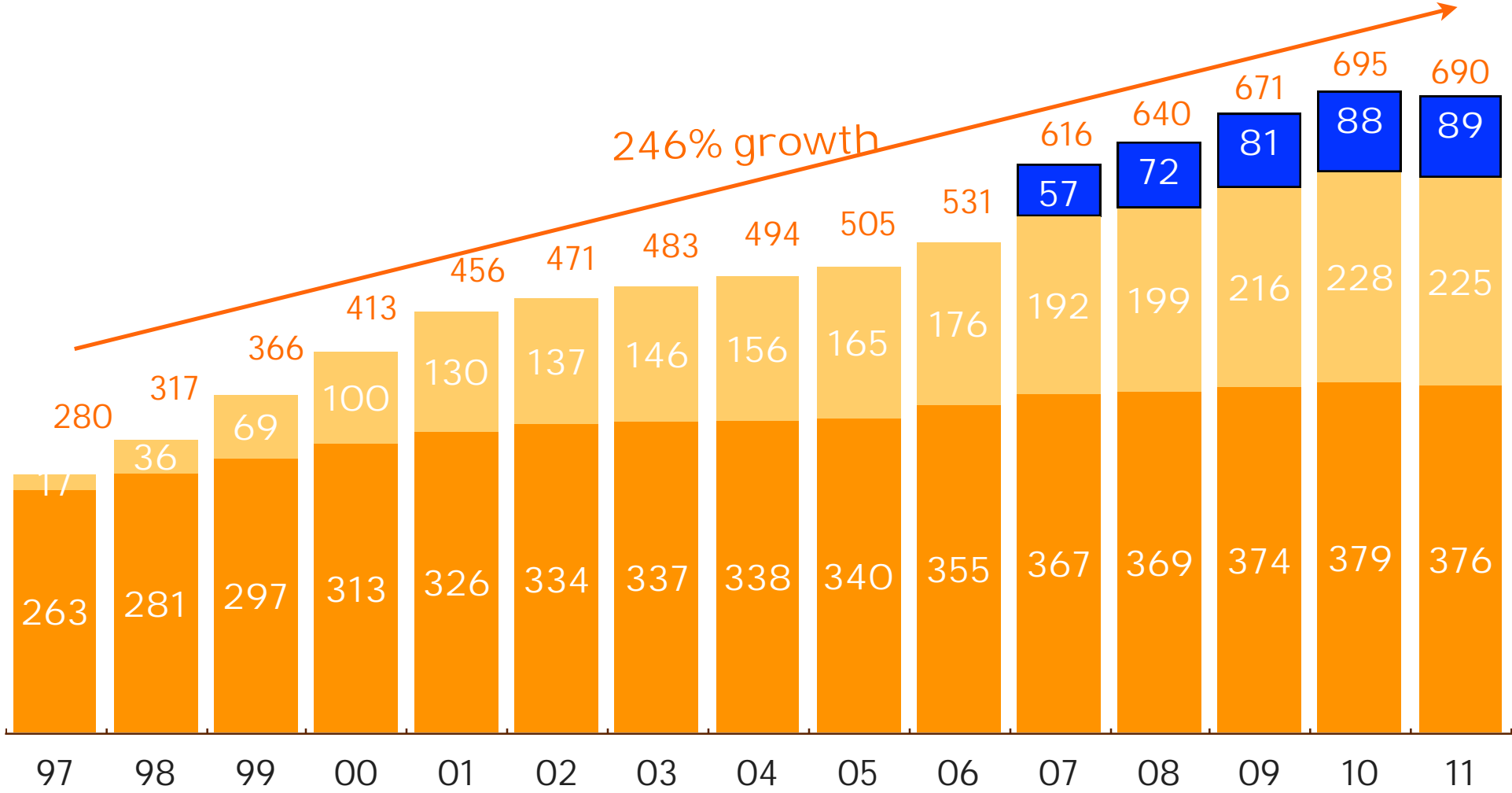
Royalty revenue structure provides
cash flow stability to investors

Attractive Fundamentals

- Canada's #1 Pizzeria
- Since 1967
- Powerful, established brands
- Geographic diversification
- Modernized restaurant chain
- Innovation leader
- Seasoned management team
- Strong and proven business model



Restaurant Growth



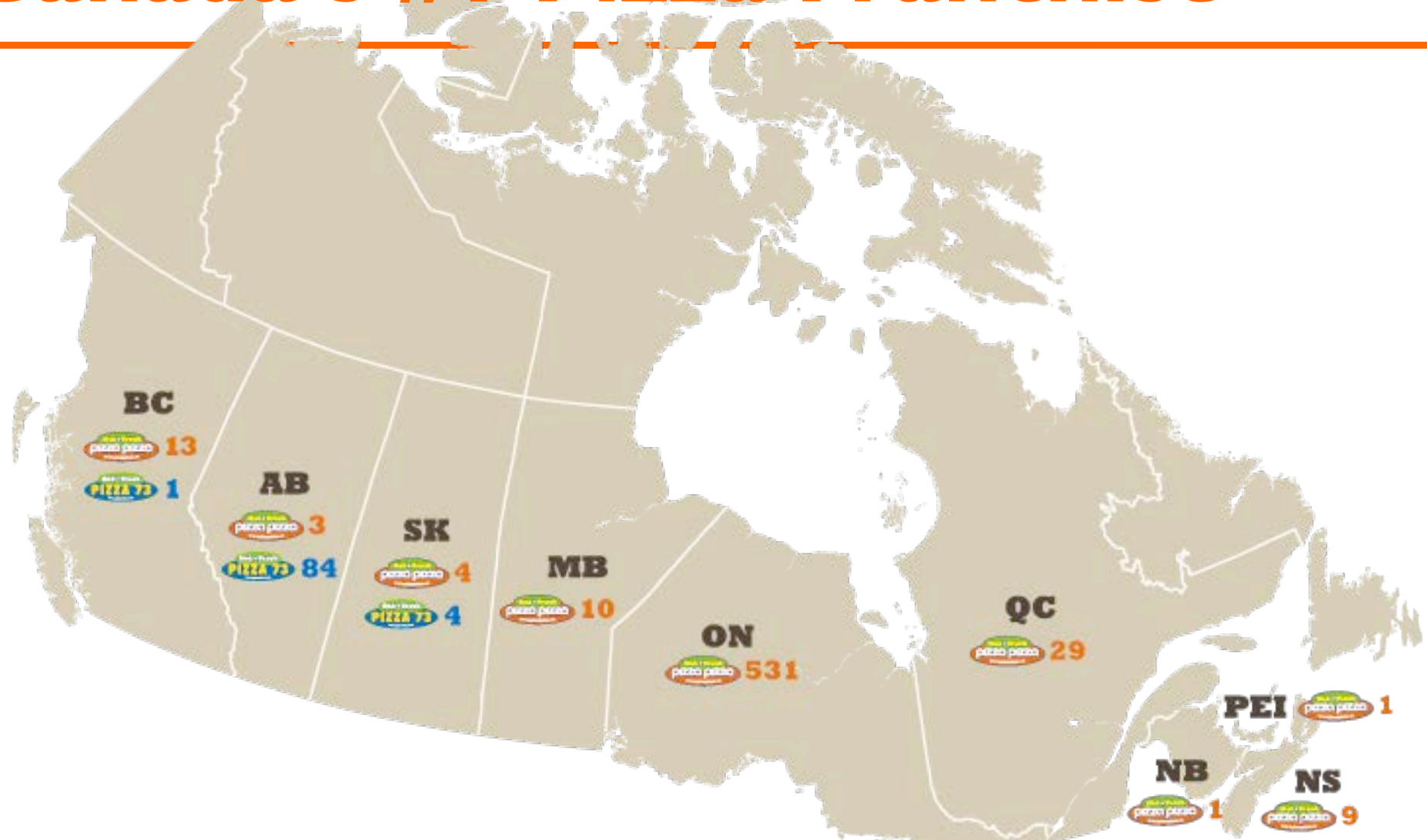
**History of consistent and stable growth,
both organic and through acquisitions**

Traditional - Pizza Pizza

Non-Traditional - Pizza Pizza

Pizza 73

Canada's #1 Pizza Franchise



Strong national presence,
especially in high growth Alberta and mature Ontario markets

Growing Brand Awareness

Sponsorships



Non-traditional locations



Special Events



Sports teams, venues and special events provide increased marketing and business opportunities

Franchisor of Choice

- Pizza Pizza provides franchisees a high level of service:
 - Centralized food distribution - Volume purchasing
 - Pizza Pizza Training Centre - Operator training
 - Turn-key Operation, plus Centralized Financing
 - Real estate site selection and lease renewal
 - Centralized payment of all operating expenses including rents, mortgages, and sales taxes

Product Innovations



**Product innovations keep Pizza Pizza
top of mind with customers**

Value Oriented Offerings

POUTINE
with Gravy and Cheese Curds

CHILI
with a FREE order of Garlic Toast

SMALL GARDEN SALAD
with your choice of Salad Dressing

ITALIAN SANDWICH
with Meatballs and Marinara Sauce

\$2 DOLLAR DAYS!

MONDAY, TUESDAY & WEDNESDAY!
Walk-in and order your choice of Poutine, Chili, Small Garden Salad or Meatball Marinara Italian Sandwich for only **TWO BUCKS!**
Limit 2 items per customer. While in store. No phone orders. While supplies last.

WALK IN & SAVE!

LARGE PEPPERONI PIZZA

\$7.99

National Exposure

UNDERCOVER BOSS CANADA

Ultimate Giveaway

Tune into W Network on Thursday, February 9th at 9pm e/p and watch Pizza Pizza's CEO Paul Goddard serve up a pie in 40 minutes or less!

FedEx
Express

\$1,000 cash

**pizza
pizza**

1 of 10 \$100
Gift Cards

**GoodLife
FITNESS**
The good life. Made easy.

1 of 5 One Year
Memberships

CINEPLEX

Free Movies
for a Year

VIP

VIP Tour on
Heritage
Streetcar

1-800-GOT-JUNK?
THE WASTE MANAGEMENT COMPANY

1 of two \$500
Gift Vouchers

SECOND CUP

1 of 10 \$100
Gift Cards

**HOLIDAY
CANADIAN**

1 of 10 Gift
Packs

THE SKYLINE

Trip for 2 to
Deerhurst Resort

**toronto
ZOO**

A VIP Zoo
Tour

VISIT WNETWORK.COM/UNDERCOVERBOSS FOR DETAILS



NETWORK

Pizza Pizza privileged to be one of twelve Canadian companies to be part of the first season of Undercover Boss Canada

Customer Service

- Focus on customer satisfaction
- Using online surveys after restaurant visit
- Monitoring social media channels

**In The Mood
for Free Food?**

**Complete our brief survey and
receive a **FREEBIE** on your
next order over \$9.99.**

For details on how to participate, see the bottom of your receipt from your order today. Offer valid for your choice of: small box of Potato Wedges or Italian Style Sandwich or Chili or Poutine or 3 Cans of Coke



Social Responsibility



Slices for Smiles!

ONE WEEK ONLY APRIL 25th – MAY 1st

10" | **SMILE** \$ **2**
HALF SIZE | **PIZZA** ONLY



Pepperoni or
Cheese pizzas.
Limit 4 per person.
Taxes extra. Walk-in only.



Portion of proceeds
donated to:

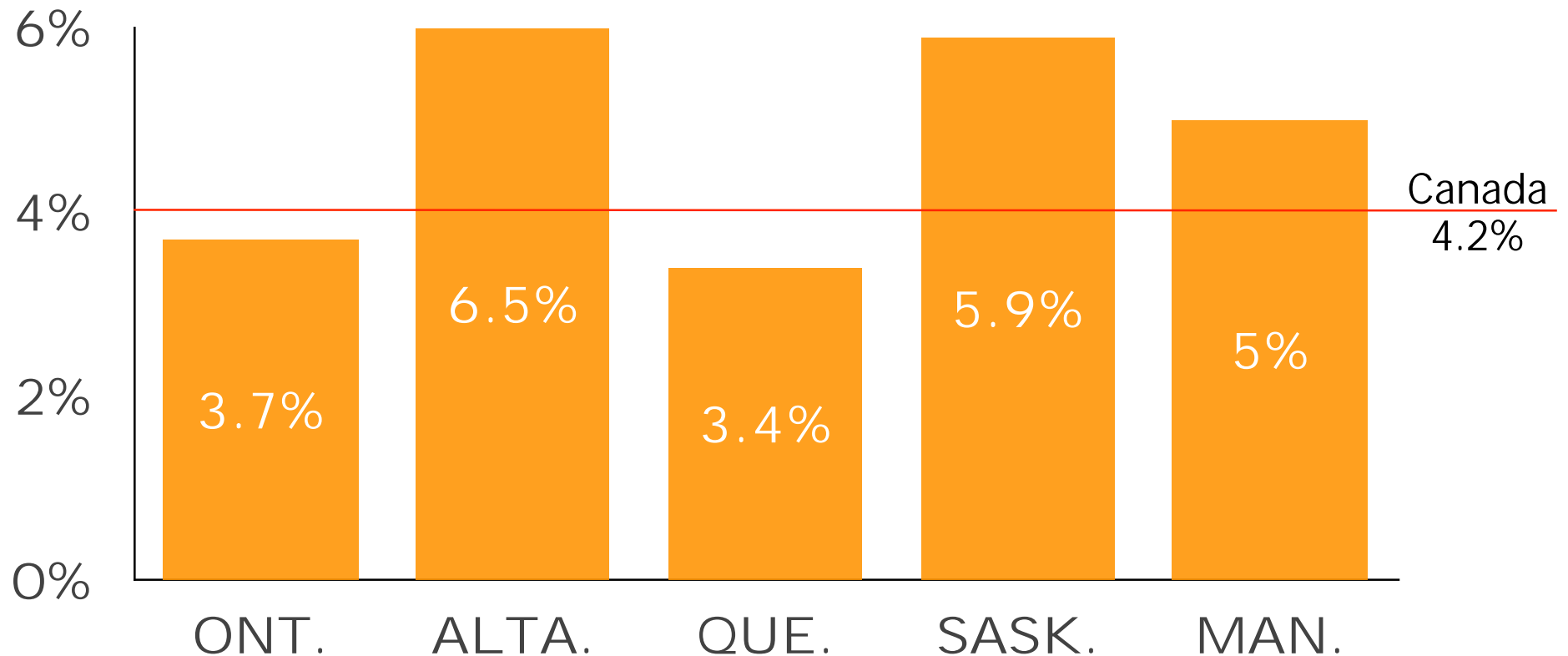


Our fundraising events have raised over **\$850,000** for our charity partners.

Strategy of Pizza Pizza Limited

- Grow and Protect our Brands
- Attract the best Partners by improving restaurant profitability
- Same Store Sales Growth
- Modernized Restaurant network
- Hot & Fresh menu
- Give back to the Communities
- National Expansion

2012 Provincial Economic Forecast



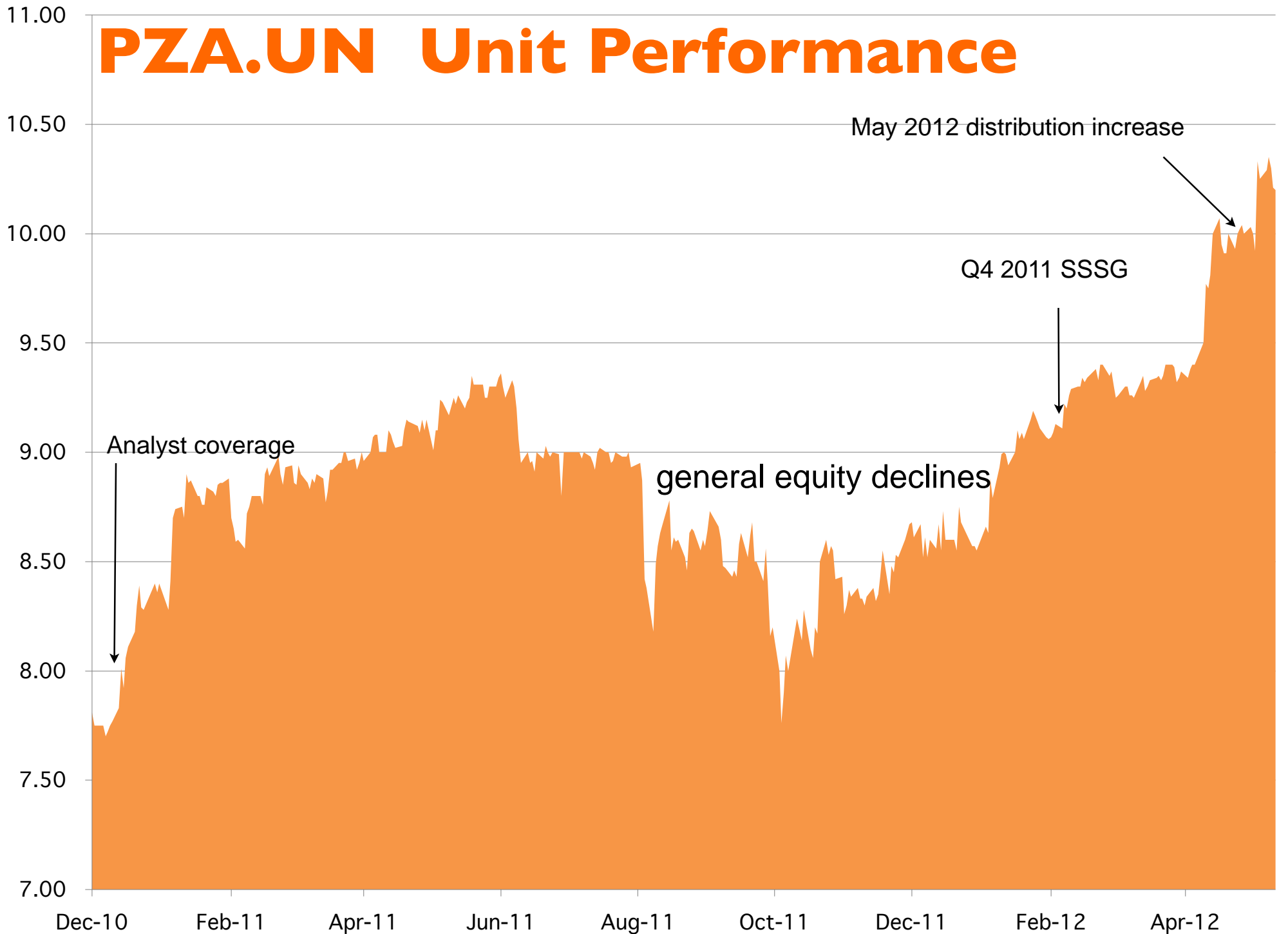
Located in provinces expected to produce economic growth above the Canadian average

Curt Feltner

CFO Pizza Pizza Limited



PZA.UN Unit Performance



Unitholder Information

Float Units Outstanding	21,818,392
Fully Diluted Units	29,704,077
Pizza Pizza Limited's Interest	26.5%
Current Monthly Distribution	\$0.06
Recent Unit Price	\$10.0
Recent Yield	7.2%
Fully Diluted Market Capitalization	\$300M
Debt	\$47M
Debt to EBITDA	1.58:1

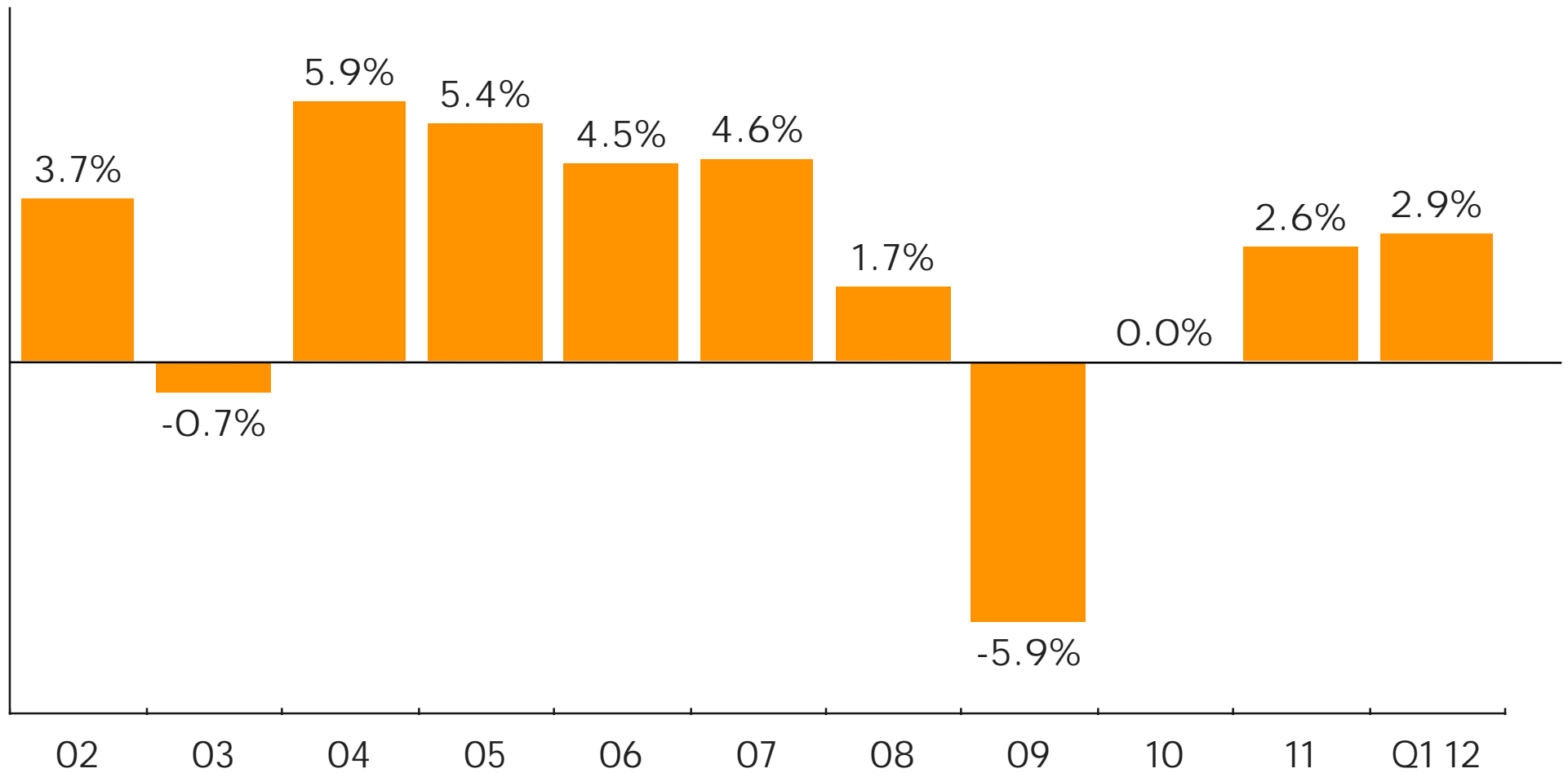
2011 Performance Highlights

- System sales of Royalty Pool: \$467.9 M
- Number of restaurants in Royalty Pool: 695
- Same store sales growth: 2.6%
- Distributable Cash per Unit: \$0.776
- Distributions per Unit: \$0.70
- Payout ratio: 90%
- \$2.8 million cash reserve

2012 First Quarter

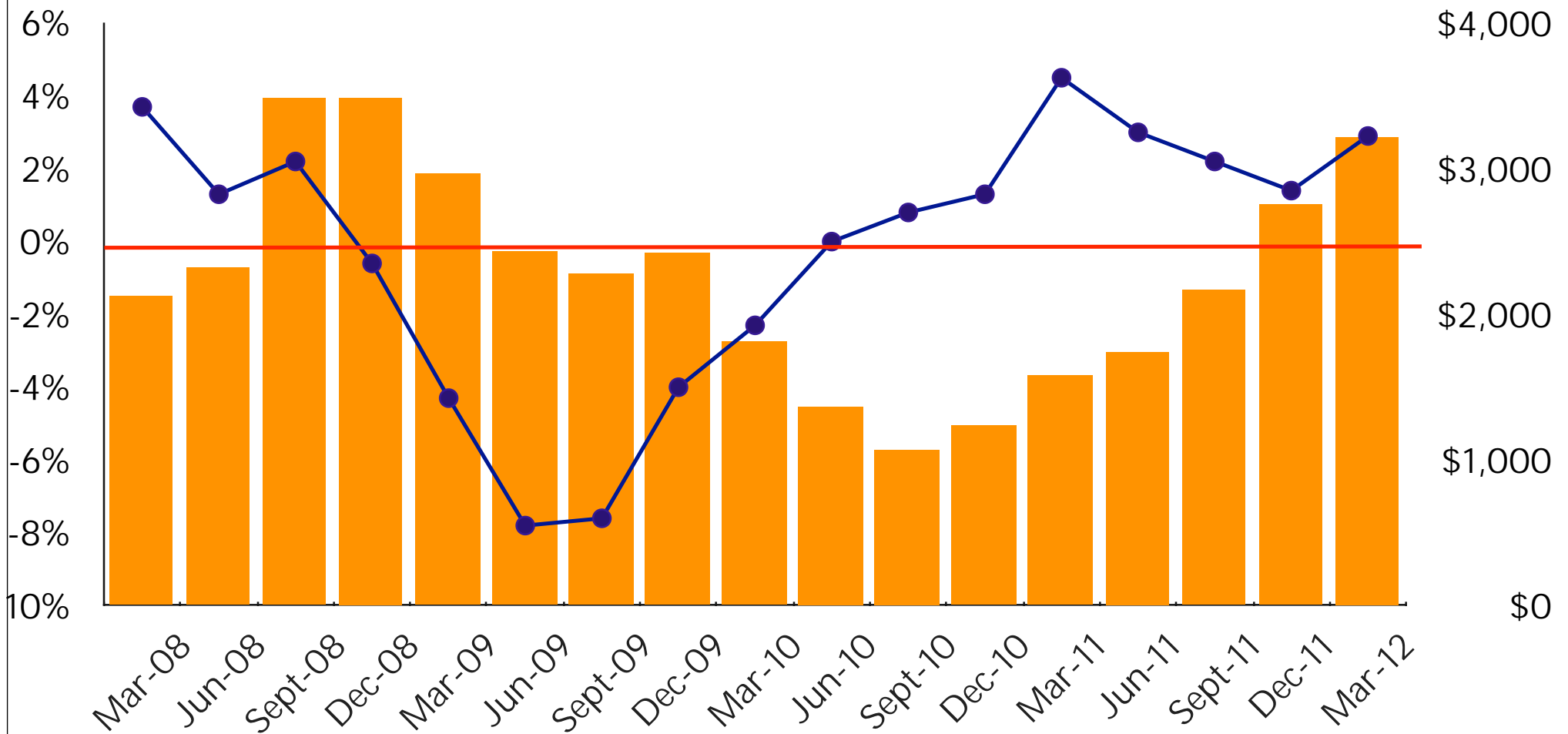
- Royalty Pool system sales increased to \$117.9M
- Number of restaurants in Royalty Pool: 690
- Same store sales increased 2.9%
- Adjusted earnings per unit increased 5.2%
- Payout Ratio: 88%
- Cash reserve increased by \$0.5M to \$3.2M
- Announced a 2.7% distribution increase
 - \$0.72 annually

Same Store Sales Growth



**History of strong sales growth,
with average of 2.2% for the past 10 years**

SSSG and Working Capital

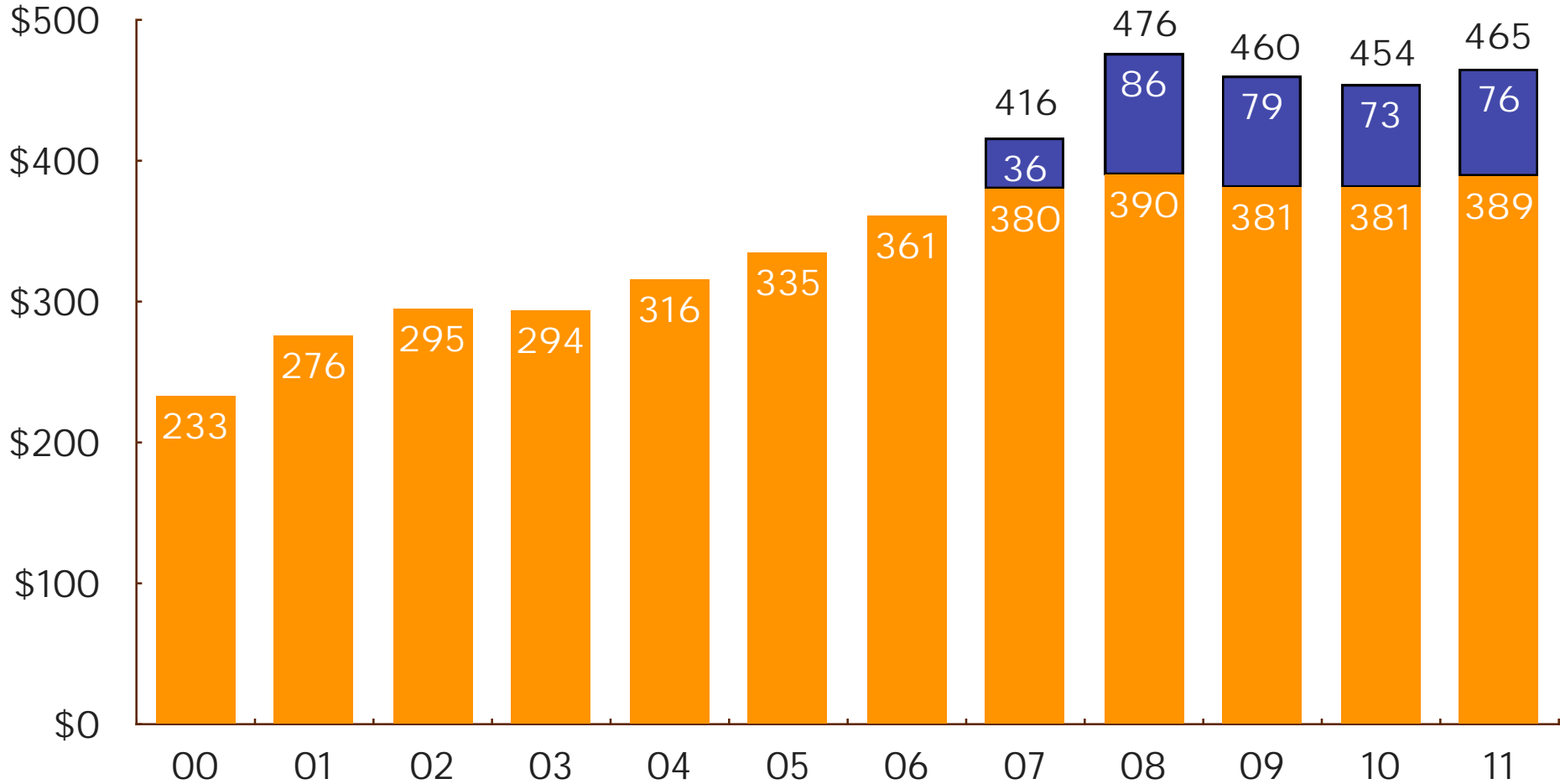


Pizza Pizza conservative distribution policy allowed for consistent distributions throughout recessionary period

● SSSG

■ Working Capital

Gross Retail Sales Growth



**History of consistent growth,
and recovery from recessionary period**

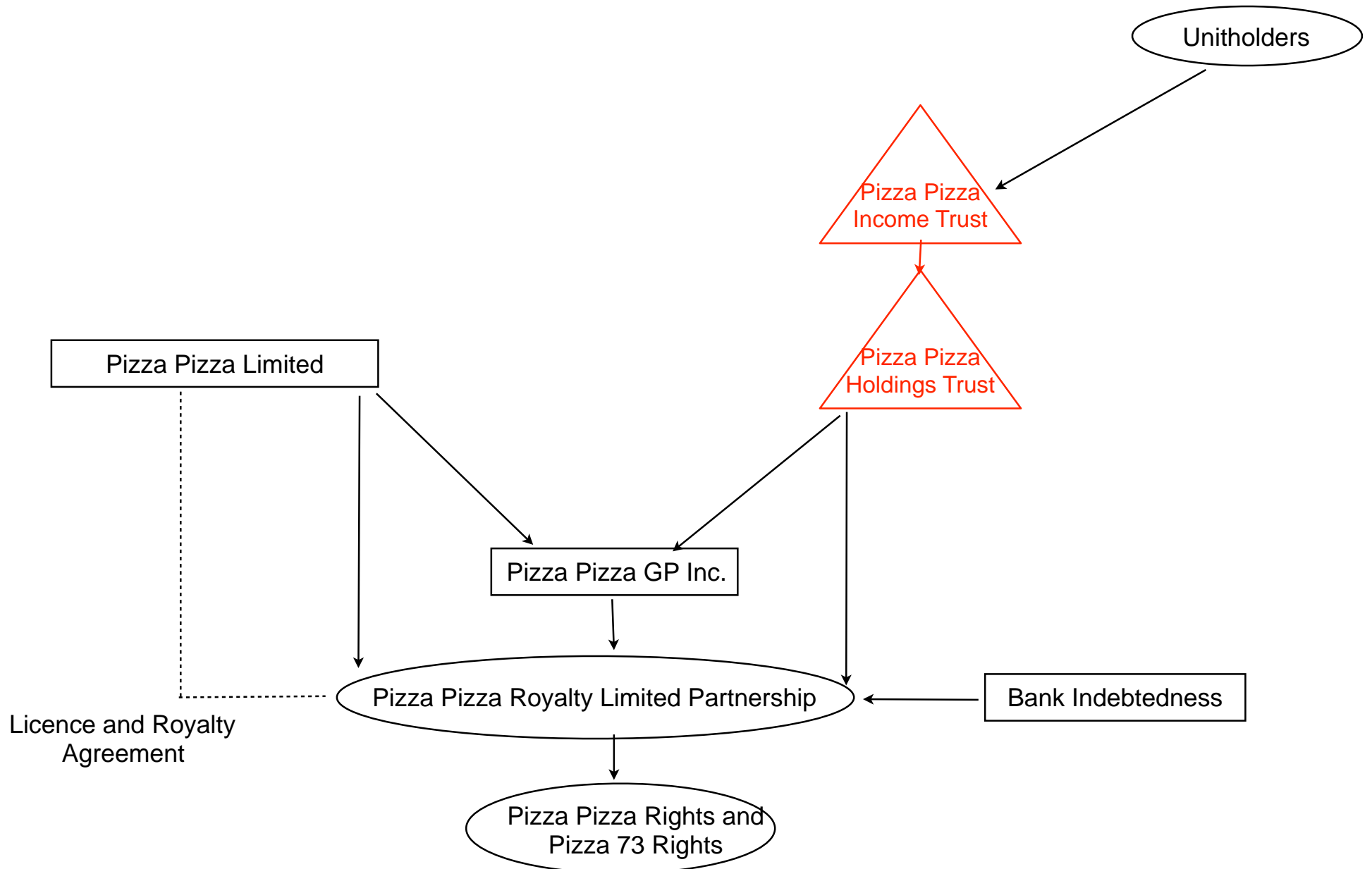
 Pizza Pizza Restaurants

 Pizza 73 Restaurants

2011 Administrative Developments

- SIFT Tax effective January 1, 2011
 - Tax rate of 28.25%
- Distribution rate change due to SIFT tax
 - 2011 \$0.70 per unit (2010 - \$0.93)
- Adopted IFRS
- Credit Facility renewed - five years

Org. Chart - Pre Conversion



Conversion to a Corporation

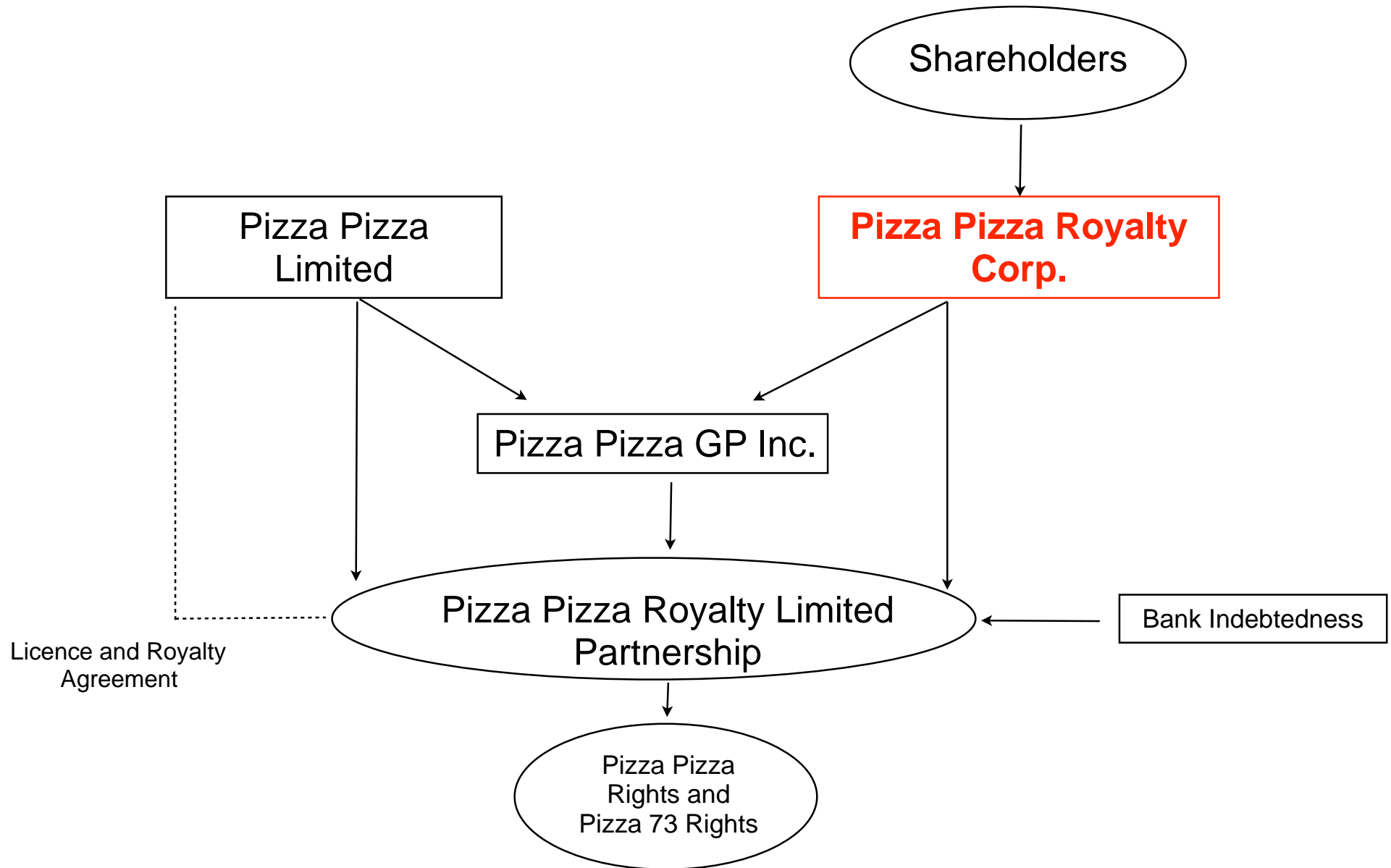
- **Process**

- On or about 12/31/12
- Subject to Unitholder approval
- Distribution paid as a dividend in 2011 and beyond

- **Benefits**

- Tax-free rollover of units to shares, providing future flexibility
- Clarity for new investors
- Simplification of reporting
- Enhanced access to capital market

Org. Chart - Post Conversion



Pizza Pizza Royalty Income Fund

