

Pizza Pizza Royalty Corp.

Investor Presentation

June 13, 2013



Forward-Looking Statement

- This presentation will contain forward-looking statements.
- Investors should be aware that any forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those disclosed here today.
- Investors are directed to the Company's Annual Information Form for a full discussion of risks.
- Management does not intend to discuss any undisclosed material information today.



**Paul Goddard,
Chief Executive Officer, Pizza Pizza Limited**

PIZZA PIZZA ROYALTY CORP. 2012 ROYALTY REVENUES

6% of System Sales



\$24M in Royalty Revenue

9% of System Sales

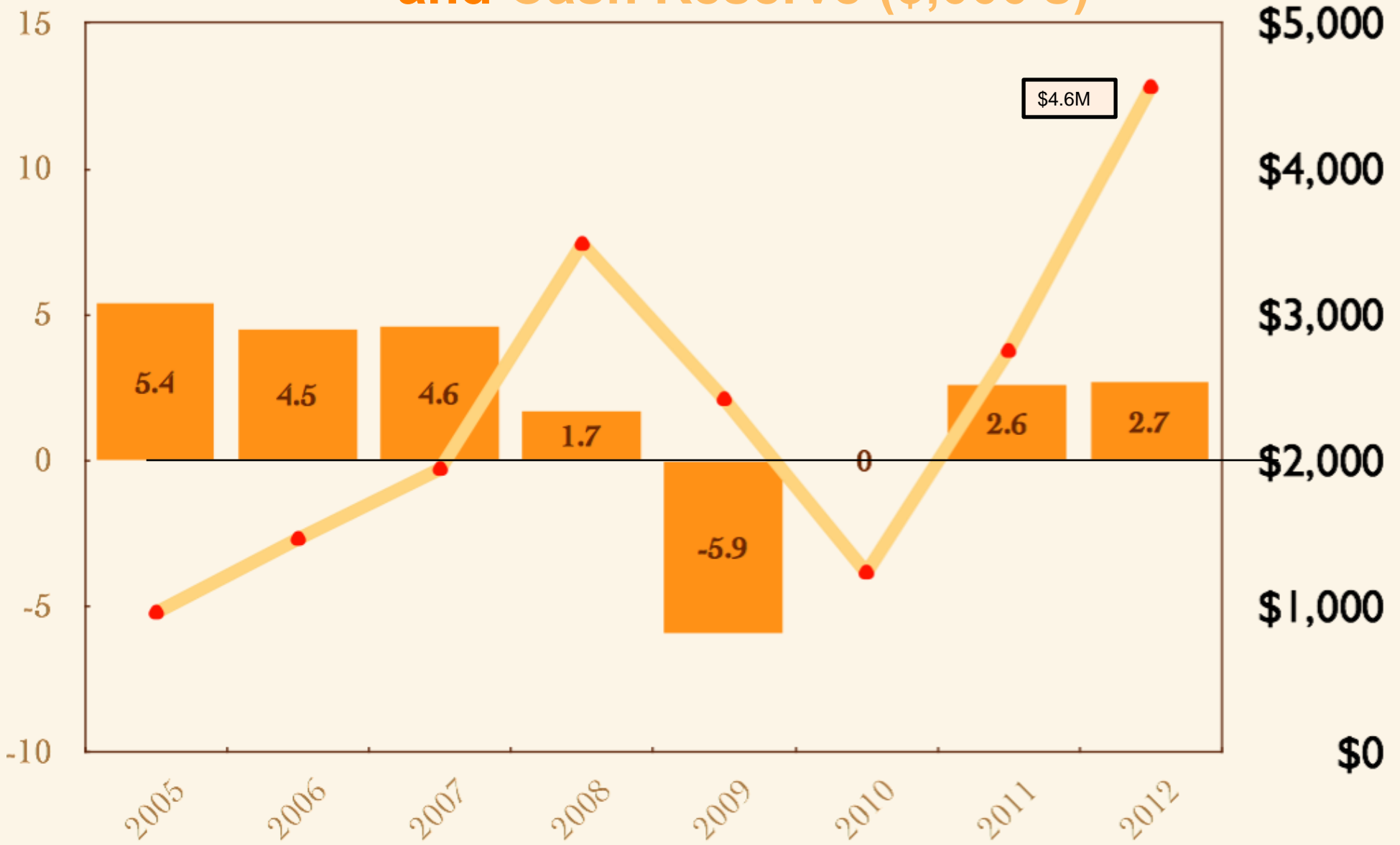


\$7M in Royalty Revenue

Licence and royalty agreements with Pizza Pizza Limited provide cash flow stability to investors with limited operational risks.

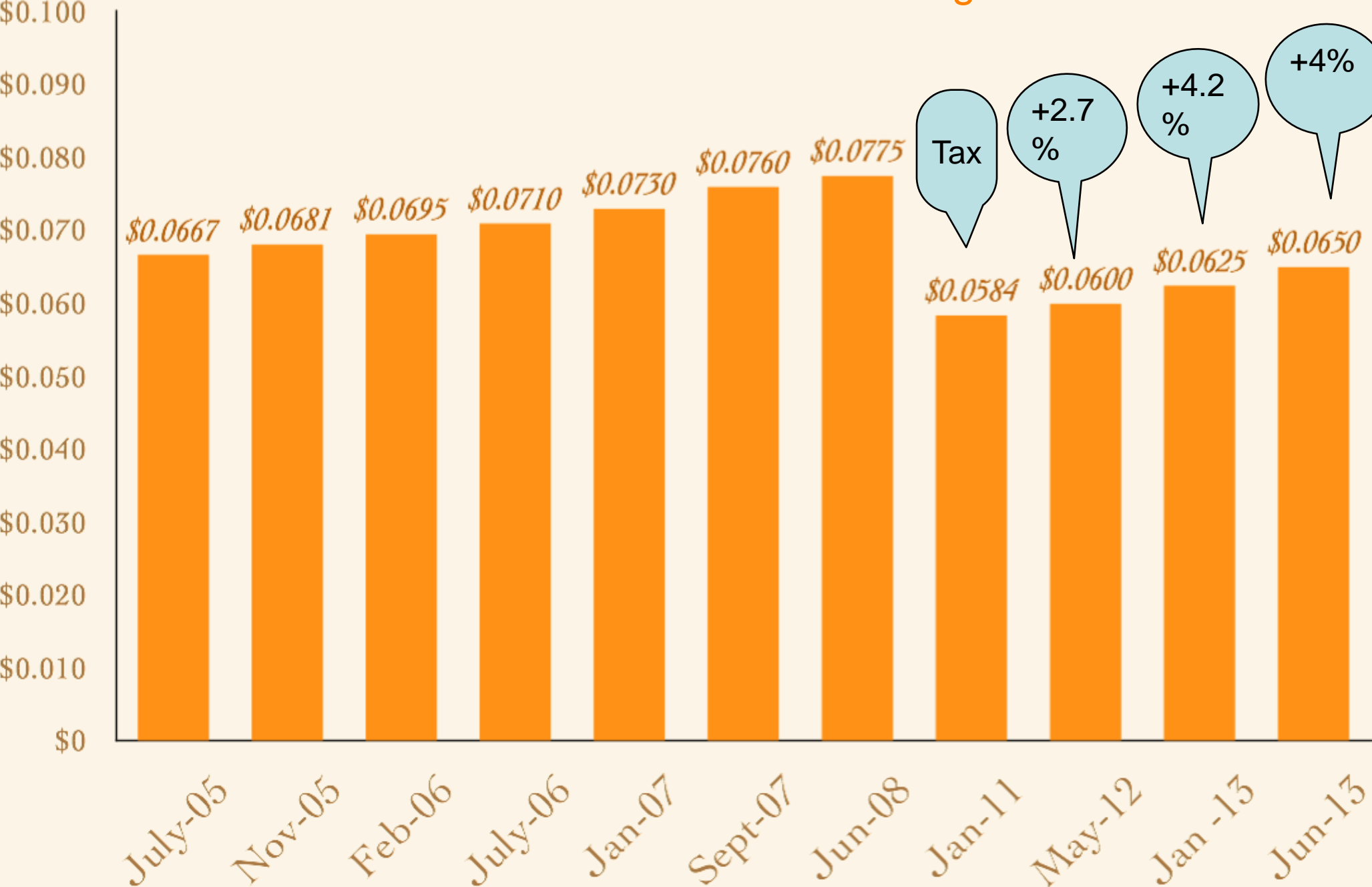
Pizza Pizza

Same Store Sales Growth (%) and Cash Reserve (\$,000's)



MONTHLY SHAREHOLDER DIVIDEND

Since Initial Public Offering



Pizza Pizza Limited - Business Fundamentals

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

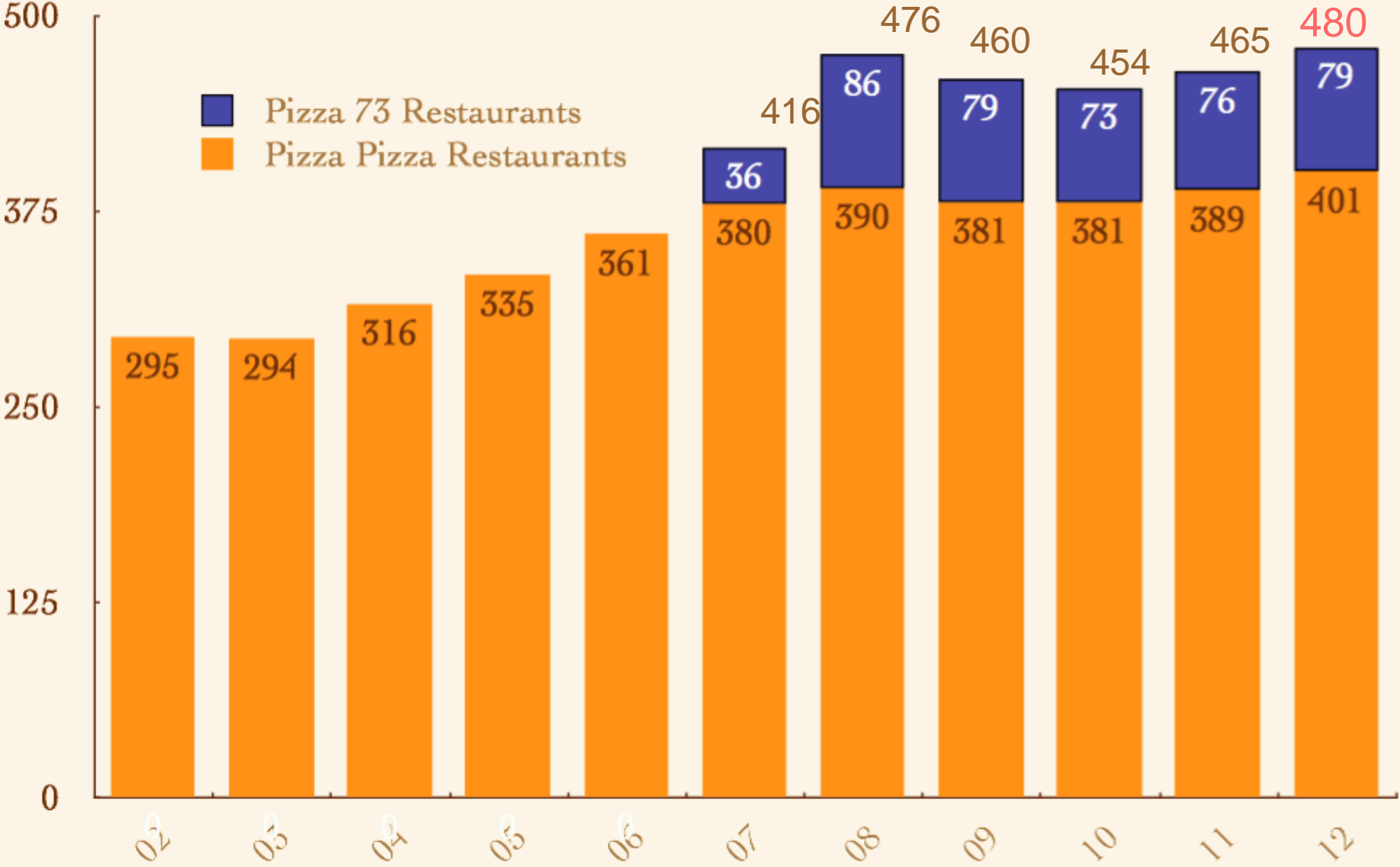


...the private operating company pays a monthly royalty for use of trademarks...

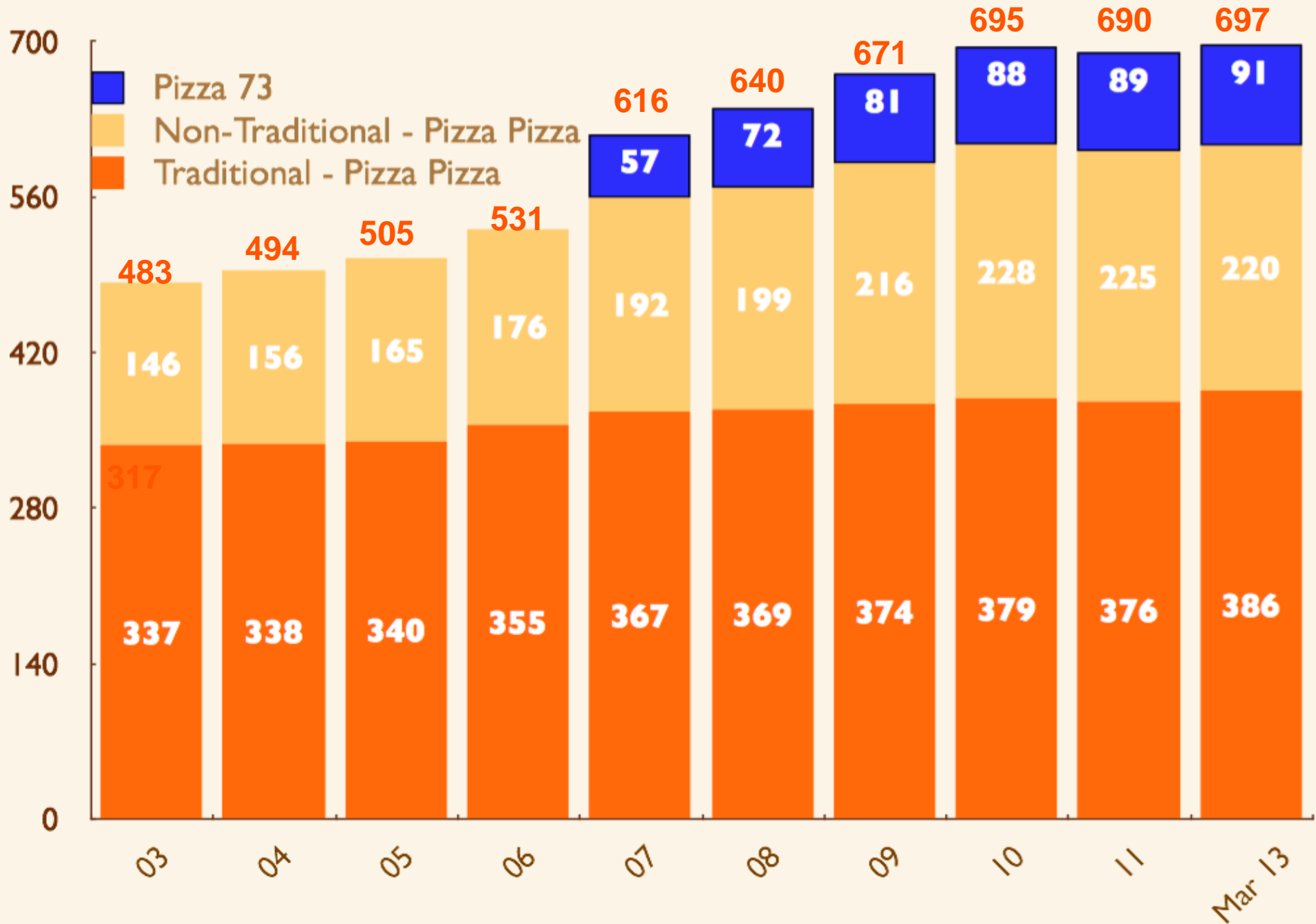
Successful Business Model

- Pizza Pizza provides restaurant operators 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

PIZZA PIZZA LIMITED ANNUAL SYSTEM SALES (\$ in millions)



Number of Restaurants



PIZZA PIZZA
480-11-11



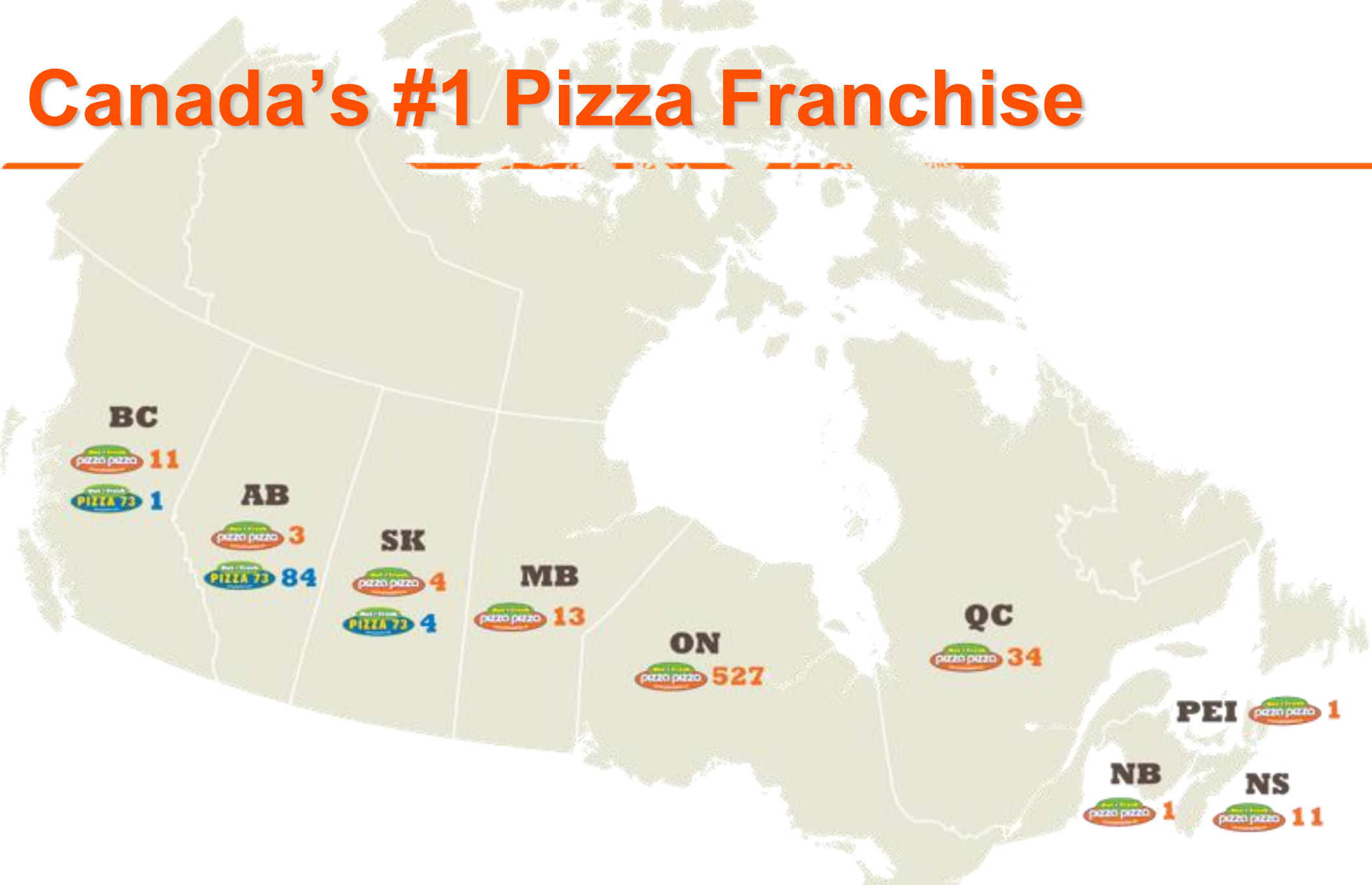
GRAND OPENING

GRAND OPENING

9
PIZZA

GRAND OPENING

Canada's #1 Pizza Franchise



Building a national presence outside our core
Alberta and Ontario markets

Non-traditional Partnerships build Brand awareness

Sponsorships



Non-traditional locations



Special Events



Partnerships with major sports arenas, entertainment venues and special community events provide increased marketing and business opportunities

fresco

ULTRA THINS



Hot & Fresh
PIZZA 73
www.pizza73.com



GLUTEN FREE!

Cheese | Hawaiian | Veggie | Pepperoni

10" pizzas starting at

\$9.99



Value-oriented Menu Offerings



Walk-in & Save!

MEDIUM PEPPERONI PIZZA

\$4.99

Walk-in only. No phone orders.

Pepperoni or Cheese pizzas.



POUTINE
with Gravy and Cheese Curds

CHILI
with a FREE order of Garlic Toast

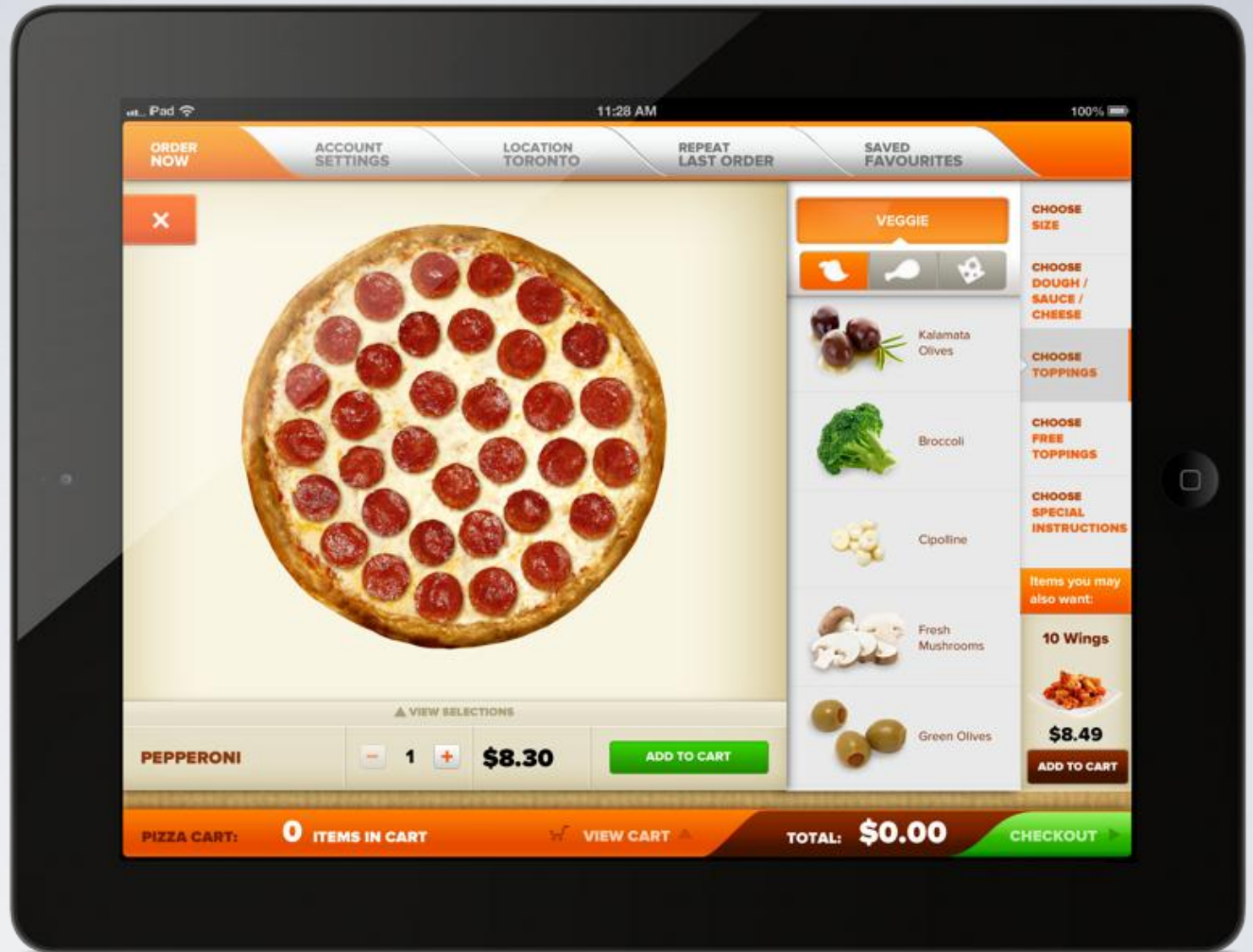
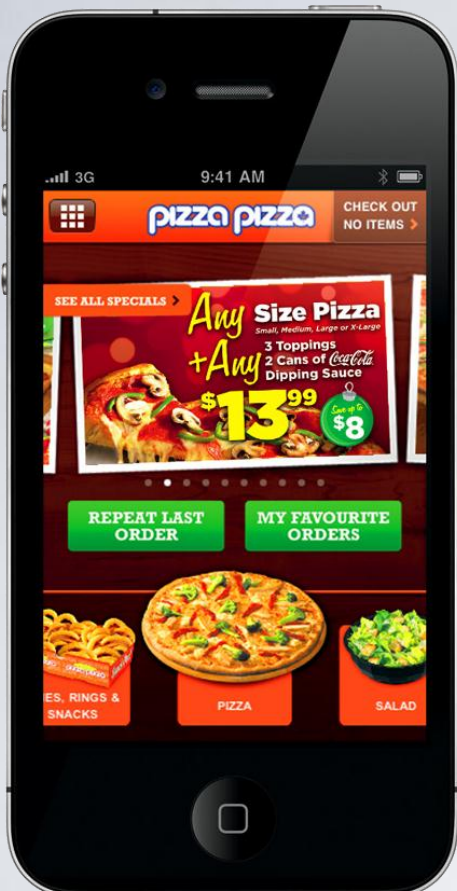
\$2

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.

SMALL GARDEN SALAD
with your choice of Salad Dressing

ITALIAN SANDWICH
with Meatballs and Marinara Sauce



Partnering innovation with consumer convenience leads to sales growth

Social Responsibility



Our fundraising events have raised over **\$1,200,000** for various charities including the Children's Miracle Network.

Curt Feltner

Chief Financial Officer, Pizza Pizza Limited



Shareholder Information

\$370M Market Cap.

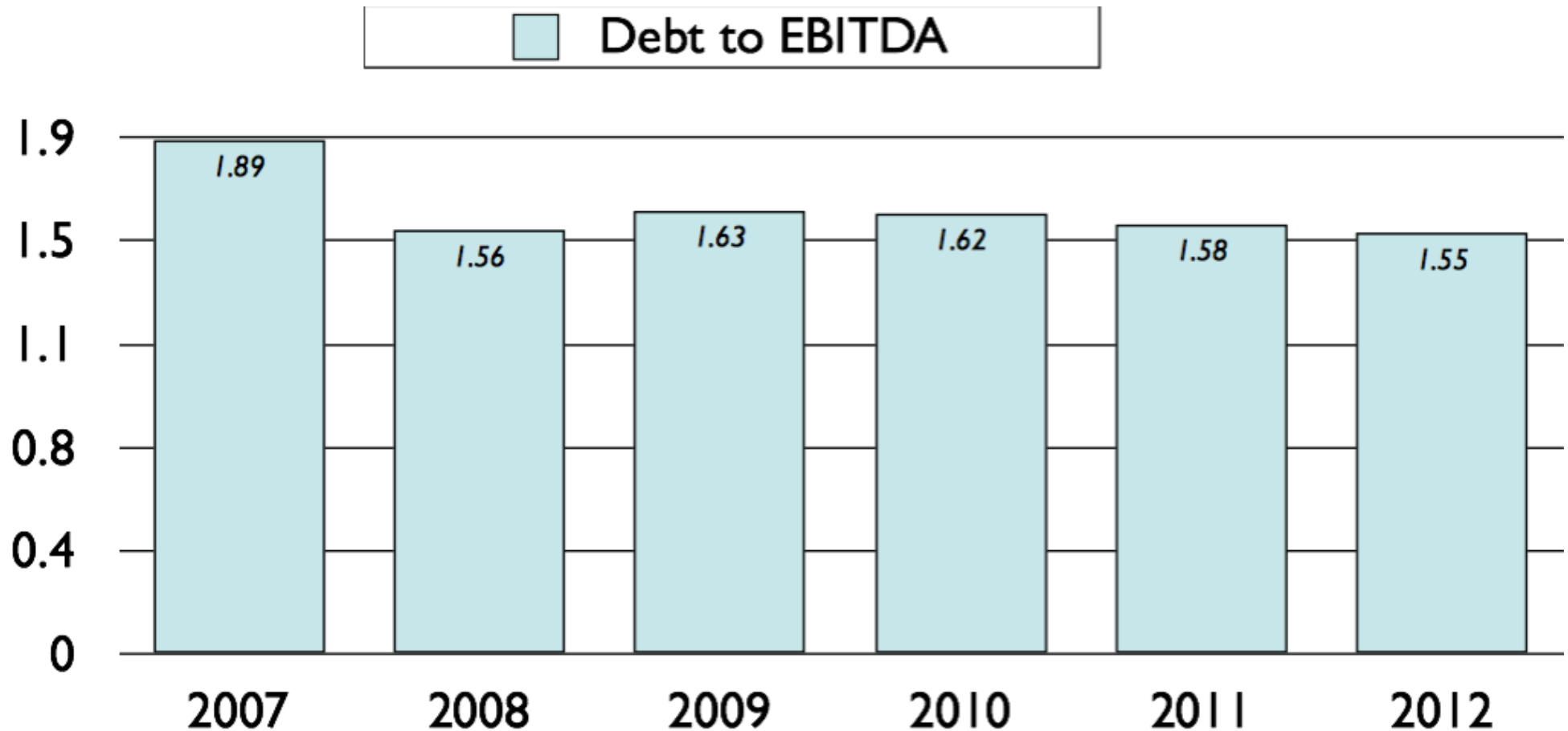
• TSX exchange listing	PZA
• Publicly traded shares outstanding	21,818,392
• Fully Diluted shares	29,934,276
• Pizza Pizza Limited's ownership	27.1%
• Current monthly dividend	\$0.0625
• Recent trading price	\$11.60
• Recent yield	6.5%
• Credit facility matures Dec 2016	\$47M
• Debt to EBITDA ratio at 3/31/13	1.54

\$47M Credit facility

*matures Dec 2016

*Fixed rate 4.37%

*If Debt to EBITDA falls below 1.50:1 the interest rate decreases 25 basis points

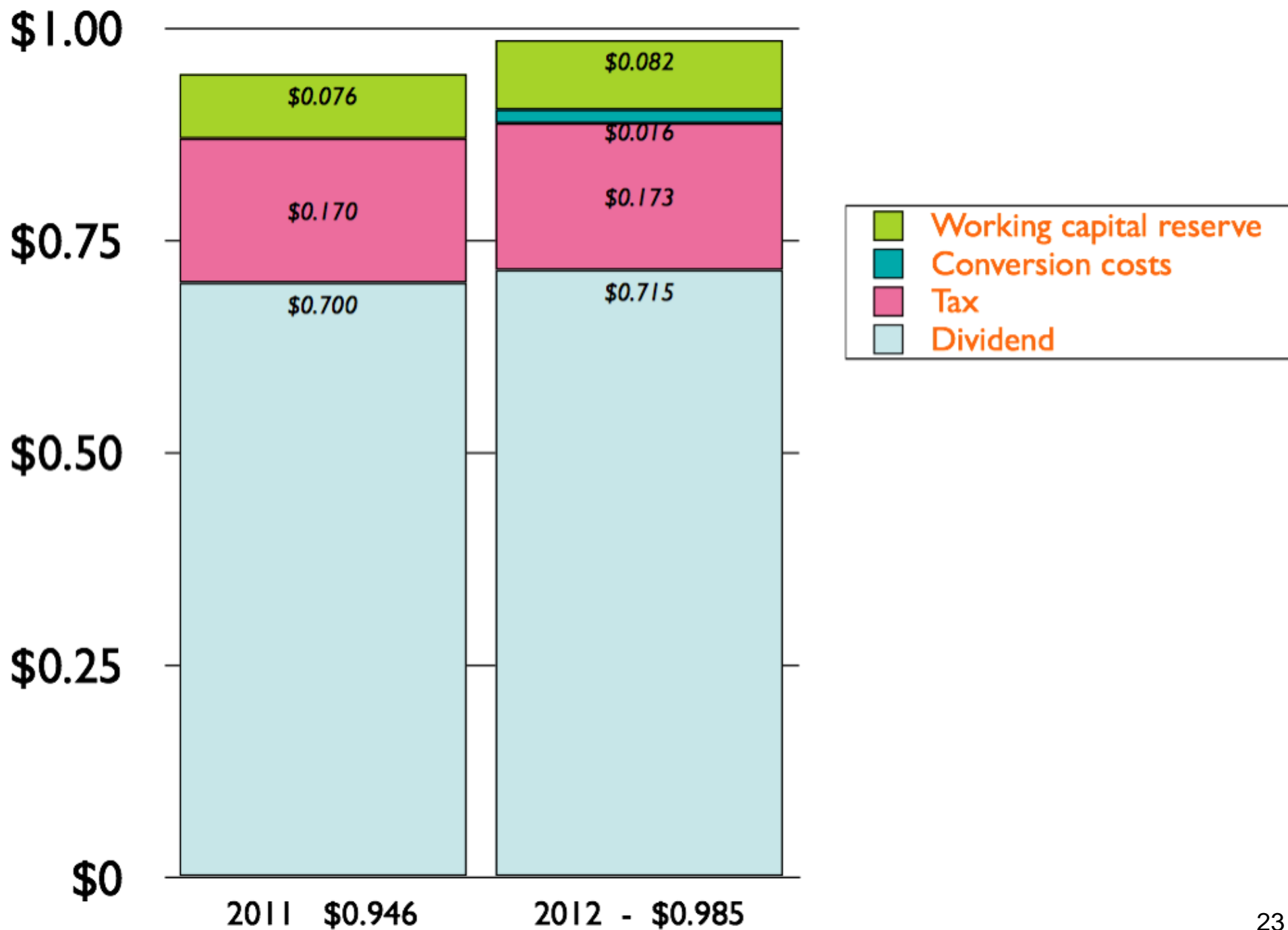


2012 Performance Highlights

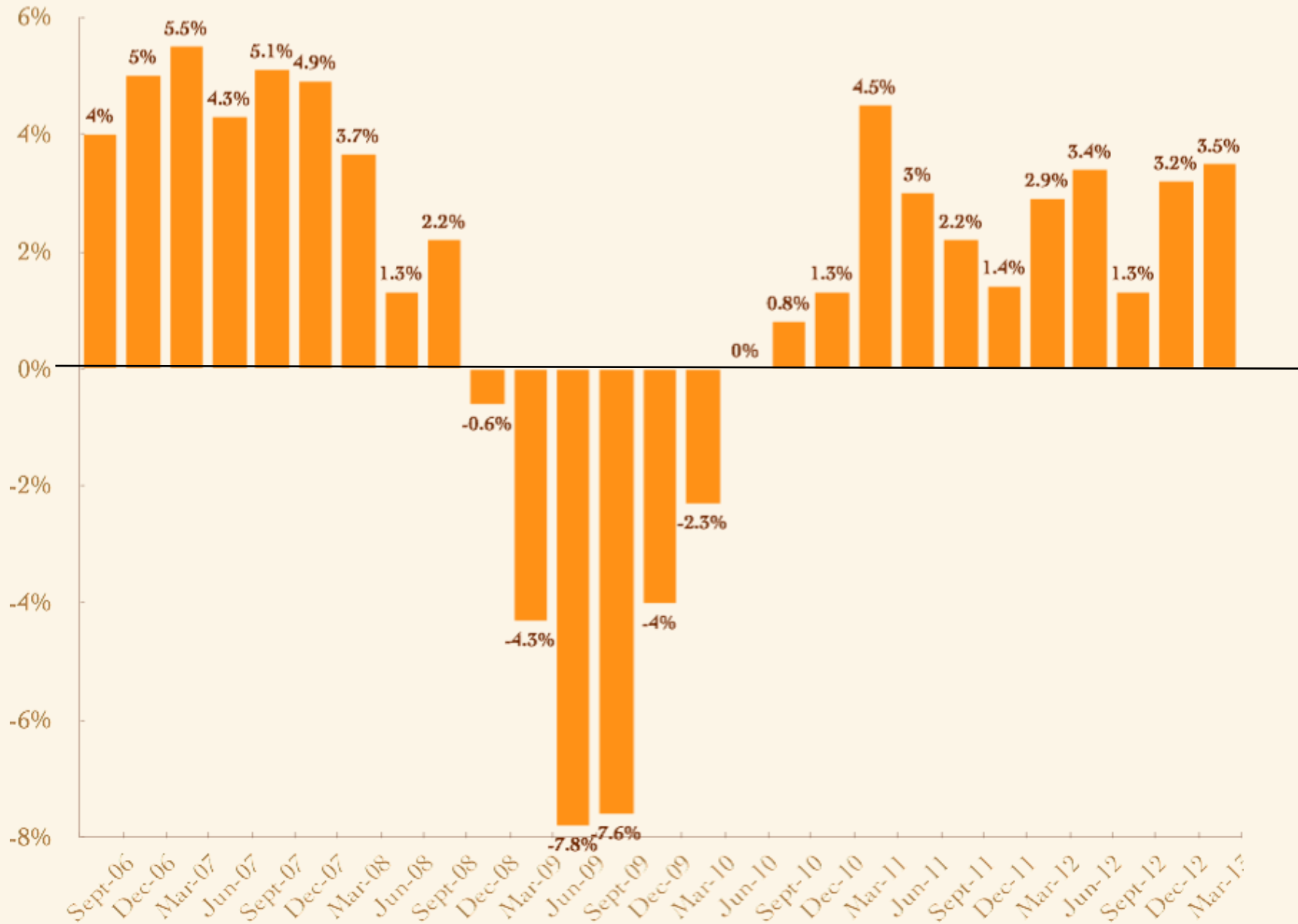
- Royalty Pool System sales \$482M (\$468M - 2011)
- SSSG 2.7% (2.6% - 2011)
- Number of restaurants in Royalty Pool: 690
- \$4.6 million working capital reserve (2011 - \$2.8M)
- Adjusted and pre-tax earnings per share \$0.985 compared to \$0.946 in 2011
- Dividends per Fund share \$0.7136 (2011 - \$0.70)
- Pay-out ratio = 90% (90% - 2011)



Pre-tax Earnings Per Share - 2011 vs 2012



PIZZA PIZZA LIMITED - both brands SAME STORE SALES GROWTH - QUARTERLY



Q1 2013 - Performance Highlights

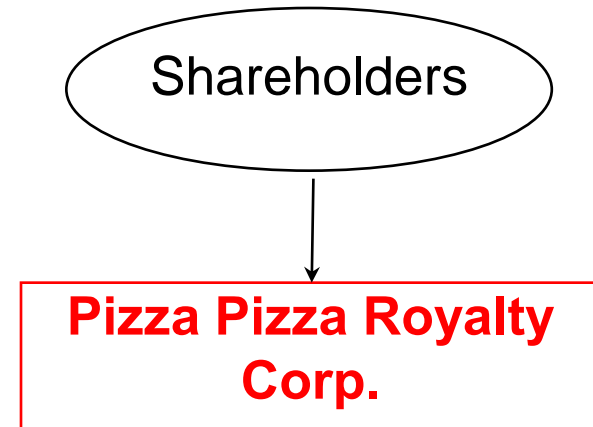
- System sales of Royalty Pool \$121M (\$118M - 2012)
- Number of restaurants in Royalty Pool: 694
- Adjusted earnings per share AFTER tax \$0.208
- Dividend per share \$0.1875 (\$0.1752 - 2012)
- SSSG 3.5% (2.9% - 2012)
- Pay-out ratio = 96% (88% - 2012)
- \$4.7 million working capital reserve (\$3.3M - 2012)



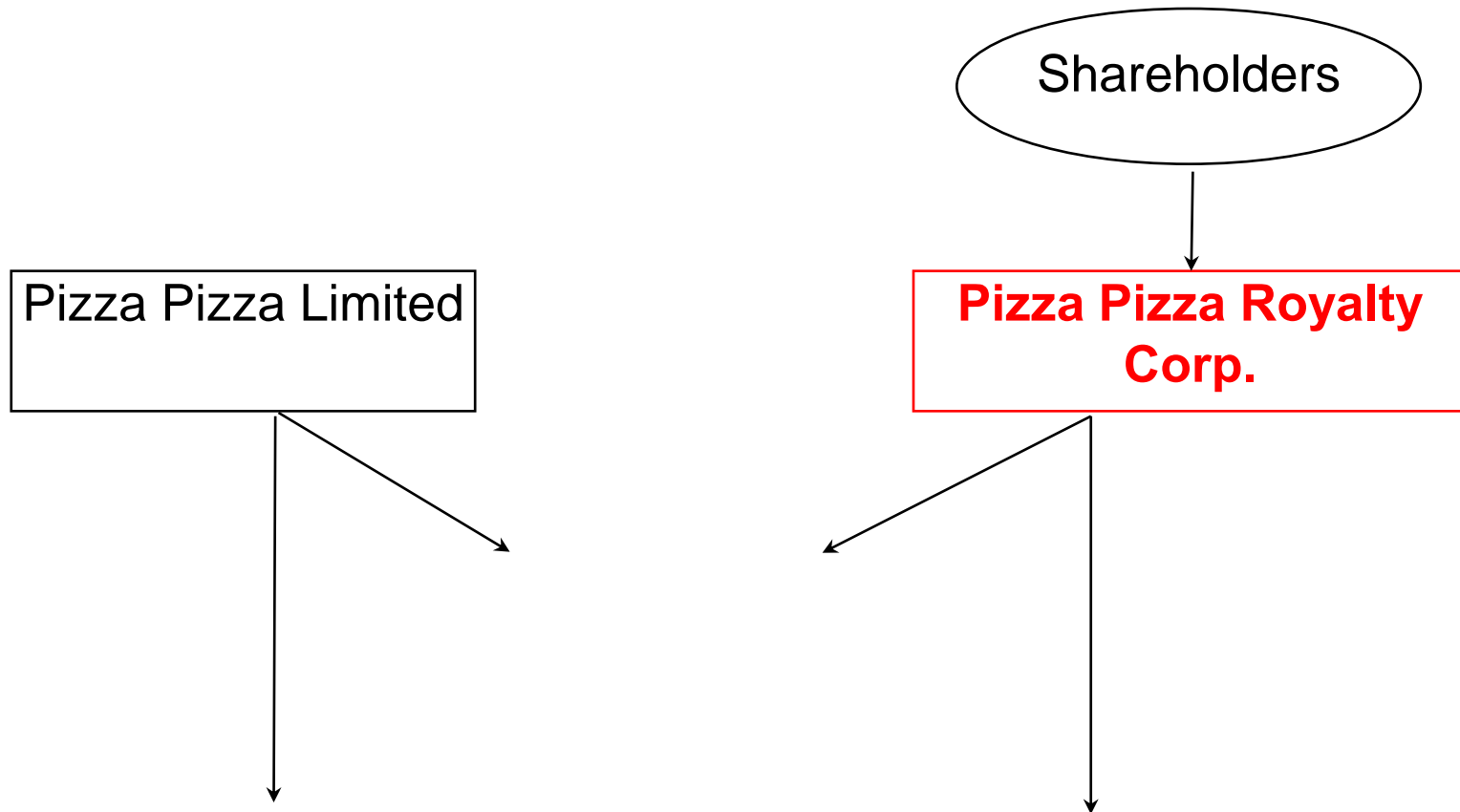
Conversion to a Corporation from an income trust

- **Benefits of Corporate structure**
 - Convert on a tax-free rollover basis
 - Simply the organization structure for investors
 - the story is simplified
 - Simplify financial reporting
 - more transparency
 - earnings per share (basic = fully diluted)
 - measurable to industry competitors
 - Enhanced access to capital markets if needed in the future

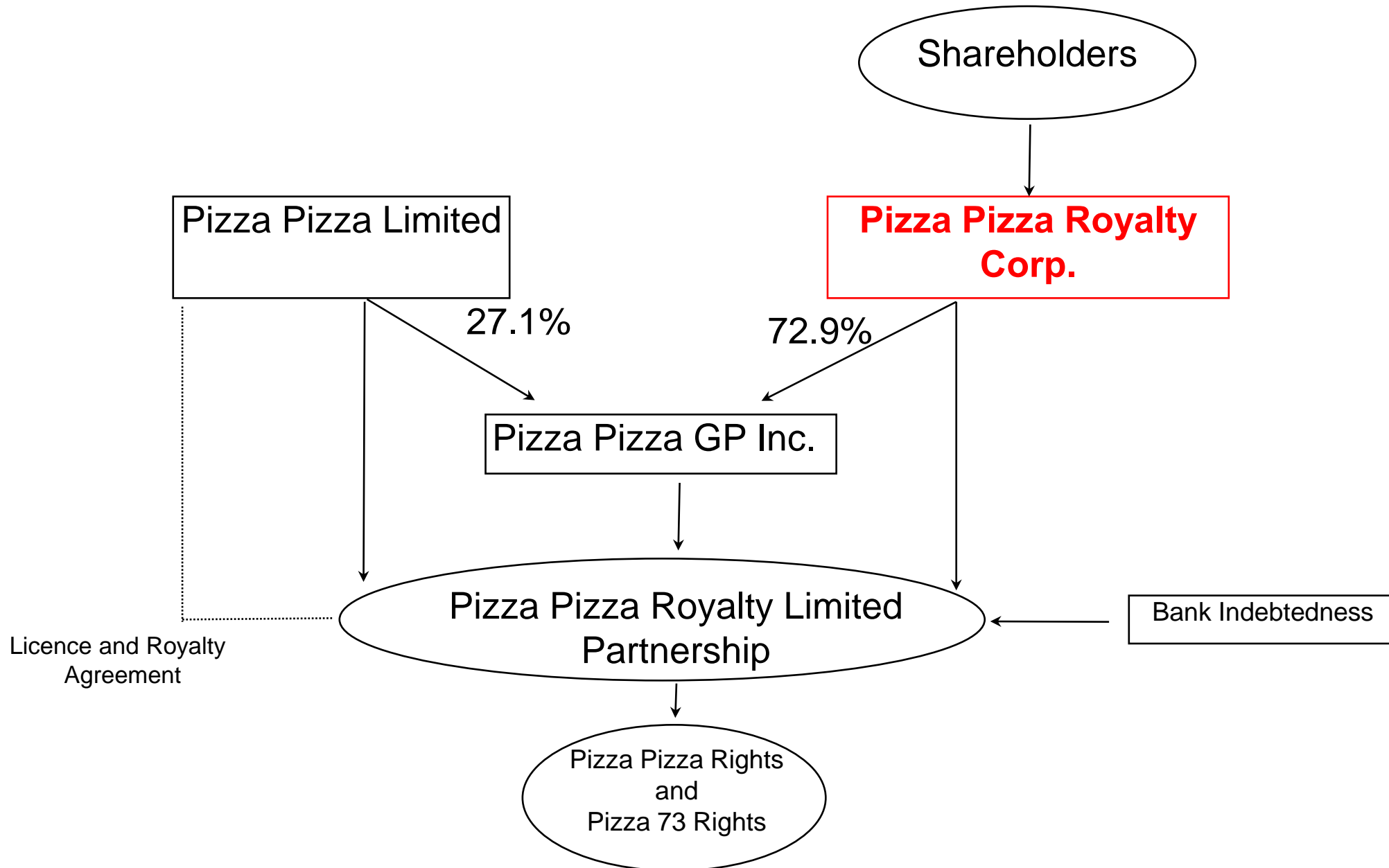
Org. Chart - Post Conversion



Org. Chart - Post Conversion



Org. Chart - Post Conversion



Pizza Pizza Royalty Income Fund

