



## **The Keg Royalties Income Fund Announces Strong First Quarter Results**

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Vancouver, May 7, 2009 – The Keg Royalties Income Fund (the “Fund”) has reported its financial results for the three months ended March 31, 2009. Gross sales and same stores sales reported by Keg Restaurants Ltd. (“KRL”), royalty income, earnings before income taxes, and distributable cash all increased from the comparable periods of the prior year.

Total system sales reported by KRL for the 13 weeks ended March 29, 2009 increased by \$11.1 million or 9.9% to \$122.7 million. Royalty Pool sales increased by 8.3% to \$120.9 million for the quarter compared to \$111.6 million for the same quarter of the prior year. The increase in gross sales reflects the net impact of the addition of net new sales to the Royalty Pool at the beginning of the year and an increase in same store sales.

KRL’s same store sales (sales of restaurants that operated during the entire period of both the current and prior years) decreased by 1.5% in Canada and by 4.9% in the United States for the 13-week period ended March 29, 2009. After translating the sales of the U.S. restaurants into their Canadian dollar equivalent, consolidated same store sales increased by 0.7% for the 13-week period. The average exchange rate moved from 1.00 in the first quarter of 2008 to 1.24 in the first quarter of 2009 significantly increasing the Canadian dollar equivalent of the U.S. restaurant sales.

Royalty income increased by \$406,000 or 9.0% to \$4,894,000 for the quarter as a result of the increase in gross sales.

Earnings before income taxes increased to 34.2 cents/Fund unit from 32.9 cents/Fund unit during the quarter. Distributable cash available to pay distributions to Fund unitholders increased to 33.6 cents/Fund unit from 33.0 cents/Fund unit for the quarter. The Fund paid distributions of 32.0 cents/Fund unit during the quarter.

“We are encouraged by our sales results given the current economic environment,” said David Aisenstat, President and CEO of Keg Restaurants Ltd. “The Keg brand remains vibrant and we continue to successfully open new Keg locations. Both new and existing locations have delivered strong sales, which has led to continued growth in both earnings and distributable cash for the Fund.”

## FINANCIAL HIGHLIGHTS

(\$000's except per unit amounts)	Jan. 1 to Mar. 31, 2009	Jan. 1 to Mar. 31, 2008
<b>Restaurants in the Royalty Pool</b>	<b>102</b>	<b>96</b>
<b>Gross sales reported by restaurants in the Royalty Pool.....</b>	<b>\$ 120,858</b>	<b>\$ 111,550</b>
Royalty income.....	\$ 4,894	\$ 4,488
Partnership expenses.....	(88)	(99)
Partnership earnings.....	4,806	4,389
KRL's interest.....	(2,425)	(2,057)
<b>Equity income.....</b>	<b>2,381</b>	<b>2,332</b>
Interest income.....	1,058	1,077
<b>Total income.....</b>	<b>3,439</b>	<b>3,409</b>
Interest and financing expenses.....	(124)	(220)
<b>Earnings before income taxes .....</b>	<b>\$ 3,315</b>	<b>\$ 3,189</b>
<b>Net earnings<sup>(1)</sup>.....</b>	<b>\$ 3,465</b>	<b>\$ 3,539</b>
<b>Distributable cash .....</b>	<b>\$ 3,258</b>	<b>\$ 3,199</b>
<b>Distributions paid.....</b>	<b>\$ 3,100</b>	<b>\$ 3,042</b>
<b>Earnings before income taxes per Fund unit <sup>(2)</sup>.....</b>	<b>\$ .342</b>	<b>\$ .329</b>
<b>Earnings per Fund unit <sup>(2)</sup>.....</b>	<b>\$ .357</b>	<b>\$ .365</b>
<b>Distributable cash per Fund unit <sup>(2)</sup>.....</b>	<b>\$ .336</b>	<b>\$ .330</b>
<b>Distributions paid per Fund unit <sup>(2)</sup>.....</b>	<b>\$ .320</b>	<b>\$ .314</b>
<b>Payout Ratio.....</b>	<b>95.2%</b>	<b>95.1%</b>

<sup>(1)</sup> Net earnings for the three months ended March 31, 2009 reflect the non-cash future income tax recovery of \$150,000 related to the new tax legislation.

<sup>(2)</sup> All per unit amounts are calculated based on the weighted average number of Fund units outstanding, which are those units held by public unitholders during the period.

A copy of the complete financial results will be available at [www.sedar.com](http://www.sedar.com) or on the Fund's website at [www.kegincomefund.com](http://www.kegincomefund.com).

Vancouver-based Keg Restaurants Ltd. is the leading operator and franchisor of steakhouse restaurants in Canada and has a substantial presence in select regional markets in the United States. KRL continues to operate The Keg restaurant system and expand that system through the addition of both corporate and franchised Keg steakhouses. Keg Restaurants Ltd. has been named one of the "50 Best Employers in Canada" for the past seven years by the Globe and Mail's *Report on Business Magazine*. For more information on our brand, visit [www.kegsteakhouse.com](http://www.kegsteakhouse.com)

This press release may contain certain "forward looking" statements reflecting The Keg Royalties Income Fund's current expectations in the casual dining segment of the restaurant food industry. Investors are cautioned that all forward looking statements involve risks and uncertainties, including those relating to the Keg's ability to continue to realize historical same store sales growth, changes in market and existing competition, new competitive developments, and potential downturns in economic conditions generally. Additional information on these and other potential factors that could affect the Fund's financial results are detailed in documents filed from time to time with the provincial securities commissions in Canada.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, which may be made only by means of the prospectus, nor shall there be any sale of the Fund units in any state, province or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state, province or jurisdiction. The Keg Royalties Income Fund units have not been, and will not be registered under the U.S. Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an application for exemption from the registration requirement under U.S. securities laws.

The Trustees of the Fund have approved the contents of this press release.

**For further information:**

Karyn Byrne, Investor Relations Manager

Tel: (416) 646-4960,

[karynb@kegrestaurants.com](mailto:karynb@kegrestaurants.com)

[www.kegincomefund.com](http://www.kegincomefund.com)