



The Keg Royalties Income Fund Posts Year End Results

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Vancouver, February 10, 2009 – The Keg Royalties Income Fund (the “Fund”) has reported its financial results for the three months and year ended December 31, 2008. Gross sales and same store sales reported by Keg Restaurants Ltd (“KRL”), royalty income, earnings before income taxes, and distributable cash all increased from the prior year.

As previously announced, gross sales reported by Keg restaurants in the Royalty Pool increased by \$2,281,000 or 2.2% to \$105,822,000 during the quarter and by \$20,338,000 or 4.9% to \$433,097,000 for the 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 3.0% in Canada and by 16.3% in the United States for the 13-week period ended December 28, 2008, and increased by 2.0% in Canada and declined by 9.0% in the U.S. for the 52-week period ended December 28, 2008. After translating the sales of the U.S. restaurants into their Canadian dollar equivalent, consolidated same store sales for the comparable 13-week period decreased by 2.2% and increased by 0.4% for the comparable 52-week period.

“We are very pleased to report record results in all financial categories for 2008,” said David Aisenstat, President and CEO of The Keg. “While there is never a bad time to report good news, it is particularly gratifying to do so against the backdrop of the current economic environment. The Keg cannot expect to be fully immune to the impact of the economy on consumer spending and the casual dining industry. We do believe however, that our commitment to the quality of every aspect of our guest experience will continue to ensure that The Keg brand retains its leadership position.”

Royalty income increased by \$43,000 or 1.0% to \$4,289,000 for the quarter, and by \$667,000 or 4.0% to \$17,494,000 for the year, as a result of increased gross sales.

Earnings before income taxes decreased by 1.3% to 31.5 cents/Fund unit from 31.9 cents/Fund unit during the quarter, and increased by 1.3% to \$1.280/Fund unit from \$1.263/Fund unit for the year.

Distributable cash available to pay distributions to Fund unitholders increased by 2.0% to 30.9 cents/Fund unit from 30.3 cents/Fund unit for the quarter, and by 0.6% to \$1.276/Fund unit from \$1.269/Fund unit for the year. The Fund has paid distributions of 32.0 cents/Fund unit during the quarter, and \$1.272/Fund unit for the year.

FINANCIAL HIGHLIGHTS

(\$000's except per unit amounts)	Oct. 1 to Dec. 31, 2008	Oct. 1 to Dec. 31, 2007	Jan. 1 to Dec. 31, 2008	Jan. 1 to Dec. 31, 2007
Restaurants in the Royalty Pool	96	95	96	95
Gross sales reported by Keg restaurants				
in the Royalty Pool	\$ 105,822	\$ 103,541	\$ 433,097	\$ 412,759
Royalty income.....	\$ 4,289	\$ 4,246	\$ 17,494	\$ 16,827
Partnership expenses	(103)	(77)	(376)	(369)
Partnership earnings	4,186	4,169	17,118	16,458
KRL's interest.....	(2,045)	(1,919)	(8,253)	(7,696)
Equity income	2,141	2,250	8,865	8,762
Interest income	1,083	1,090	4,319	4,318
Total income	3,224	3,340	13,184	13,080
Interest and financing expenses	(164)	(240)	(766)	(943)
Earnings before income taxes	\$ 3,060	\$ 3,100	\$ 12,418	\$ 12,137
Net earnings	\$ 2,860	\$ 3,200	\$ 12,368	\$ 10,387
Distributable cash	\$ 2,999	\$ 2,940	\$ 12,382	\$ 12,199
Distributions paid	\$ 3,100	\$ 2,962	\$ 12,343	\$ 11,463
Earnings before income taxes per Fund unit ⁽¹⁾	\$.315	\$.319	\$ 1.280	\$ 1.263
Earnings per Fund unit ⁽¹⁾	\$.295	\$.330	\$ 1.275	\$ 1.081
Distributable cash per Fund unit ⁽¹⁾	\$.309	\$.303	\$ 1.276	\$ 1.269
Distributions paid per Fund unit ⁽²⁾	\$.320	\$.305	\$ 1.272	\$ 1.193
Payout Ratio ⁽¹⁾	103.4%	100.8%	99.7%	94.0%

⁽¹⁾ 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 respective period.

⁽²⁾ Net earnings for the three months ended December 30, 2008, reflect the non-cash future income tax expense of \$200,000, and for the year ended December 31, 2008, the non-cash future income tax expense of \$50,000.

A copy of the complete financial results will be available at www.sedar.com or on the Fund's website at www.kegincomefund.com.

The Keg Royalties Income Fund (TSX – KEG.UN) is a limited purpose, open-ended trust established under the laws of the Province of Ontario that, through The Keg Rights Limited Partnership, owns certain trademarks and other related intellectual property used by Keg Restaurants Ltd. ("KRL"). In exchange for use of those trademarks, KRL pays the Fund a royalty of 4% of gross sales of Keg restaurants included in the royalty pool. Vancouver-based Keg Restaurants Ltd. is the leading operator and franchisor of the steakhouse restaurants in Canada and has a substantial presence in select regional markets in the United States.

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

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.

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