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## **Flynn Restaurant Group acquires Pizza Hut Australia**

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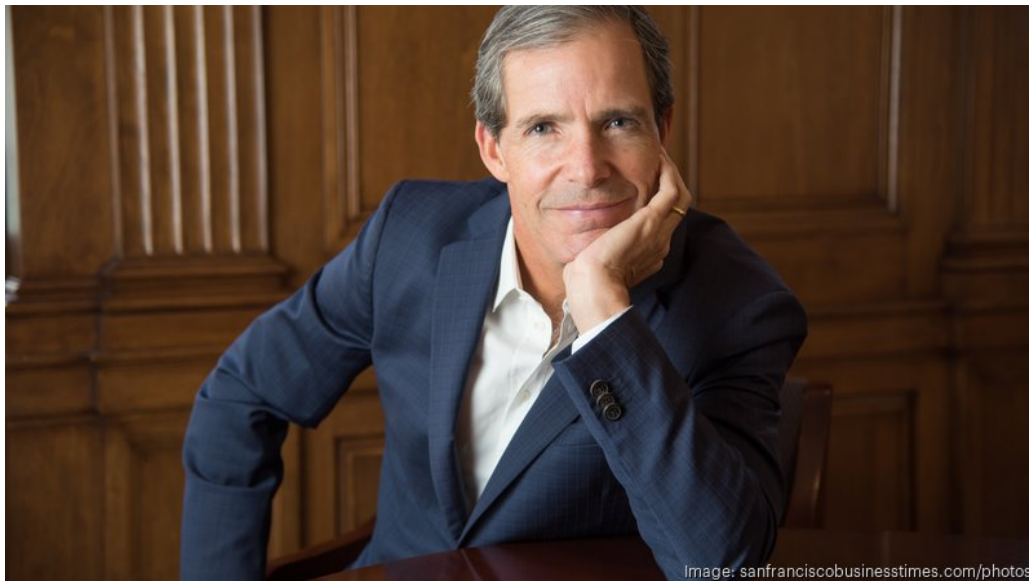


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Todd Johnson | San Francisco Business Times

Greg Flynn, billionaire founder and CEO of Flynn Restaurant Group and Flynn Properties, Inc. is expanding his restaurant empire overseas with the acquisition of the master franchise license for Pizza Hut in Australia. The deal will fold in more than 200 Pizza Hut locations to the San Francisco-based restaurant group, the world's largest restaurant franchise operator.

San Francisco's Flynn Restaurant Group LP, the world's largest restaurant franchise operator, is close to acquiring a continent's worth of Pizza Hut locations down under.

The franchise operator announced on Wednesday it has agreed to purchase the master franchise license from Sydney-based private investment firm Allegro Funds for an undisclosed price. It follows founder and CEO Greg Flynn's purchase of the Huntington Hotel in Nob Hill with big renovation plans in March via affiliate Flynn Properties Inc.

The deal is subject to approval from Australia's Foreign Investment Review Board and consent from Pizza Hut's global brand owner, Yum! Brands, but is expected to close by month's end. It would be Flynn Restaurant Group's first international acquisition.

The move stands to add 260 Pizza Hut locations in Australia to a portfolio that already includes 945 Pizza Huts in the U.S. With this acquisition, the group has more than 2,600 quick-service, fast casual and casual dining restaurants, including Applebee's, Taco Bell, Panera, Arby's, and Wendy's — cumulatively generating \$4.5 billion in annual sales and employing 75,000 people.

The acquirer plans to bring additional resources, capital and operational experience to the franchises. Pizza Hut Australia has already delivered 50 consecutive months of positive same-store growth with "record revenues" and value for the business, according to the release.

Flynn Restaurant co-Chief Operating Officer Ron Bellamy led the acquisition team and will have overall responsibility for the Australian business going forward. But Pizza Hut's existing management team in Australia will continue to run the business "as usual" to provide continuity for all employees and partners, Flynn's group said in the release.

Flynn has scaled his restaurant and hotels ventures dramatically since 2020 on the back of opportunistic buys including 1,000 Wendy's and Pizza Hut franchises out of bankruptcy auction and interest in more than 100 select-service hotels combined from Apple Hospitality REIT and Highgate.

In an interview on Wednesday, Flynn said this buy was "equally opportunistic."

"It requires a lot of confidence in the restaurant industry and not everyone has that," he said. "Especially people writing checks this big — private equity tends to shy away from this industry, and you can't borrow money for something like this."

A fairly weak Australian dollar compared to its U.S. counterpart also brought the price down. (Flynn declined to share the price, citing a confidentiality agreement).

The CEO said that his restaurant group has enjoyed a nearly 30% compound average growth rate since its establishment in 1999.

"To keep up anything like the growth rate we've enjoyed, we had to look further afield," Flynn said, noting that most restaurant operators of similar size are multinationals. "There's no reason we can't take advantage of that."

The Australia move is one of the first expansions into international territory by major U.S. food operators, who typically stay domestic, according to Flynn. He described the selection of Australia as a "safe first step" and didn't rule out further deals down the line in other countries involving the preferred partner here, Yum! Brands — affiliated with KFC, Taco Bell, The Habit Burger Grill and other big names.

"We'll also look outside the Yum family of brands, internationally," Flynn said. "But they've been such great partners, it's been very comfortable to move forward with them."

Flynn's commercial real estate and hotel arm, Flynn Properties Inc., has a portfolio of 121 hotels across the U.S. and Mexico featuring luxury properties and select-service franchises.



**Alex Barreira**

Staff Reporter - *San Francisco Business Times*

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