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**Richmond Times-Dispatch**

**MERGER TO BRING MORE CLOUT SOUTHERN RETAILERS BUYING MUCH LARGER FAS MART CONVENIENCE STORE CHAIN**

Gregory J. Gilligan

Times-Dispatch Staff Writer  
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Two privately owned convenience store chains in the Richmond area are merging, creating a regional powerhouse that should provide a springboard for growth and an insurance policy in the highly competitive industry.

Southern Retailers Inc., the upstart owner of the 22-store Southern Express chain, is buying the **more** established and larger Fas Mart Convenience Stores Inc. The deal, which caught many in the industry off guard, is seen as a first step for Southern Retailers **to** achieve its ambitious strategy of becoming a \$1 billion company. It will create a company that will have a much better ability **to** compete against convenience store chains entering the Virginia market or already here.

Southern Retailers plans **to** convert its 22 stores **to** the Fas Mart name and merge its operations into the 42-store Fas Mart chain. There is virtually no overlap in locations of the chains.

The new company will have **more** than 65 convenience store and gasoline locations throughout central Virginia (several Fas Mart stores are under construction), generating about \$150 million in annual sales. It would rank second in number of locations **to** the 7-Eleven chain here, which has fewer than 100 stores in the Richmond market.

"It vaults two small players into a top spot in the market," said Kenneth M. Gassman Jr., a retail analyst with Davenport & Co. "The economy of scales is the only way **to** keep costs down in an industry that is increasingly driven by stiff competition."

Terms of the deal were not disclosed. The purchase is expected **to** be completed in two **to** three months.

Owais A. Dagra, who created Southern Express by buying a single convenience store in 1990, said the acquisition will give his company the **clout to** begin buying **more** chains and opening locations. The company is looking at chains outside Virginia, he said.

"This acquisition gives us the management infrastructure, the operating systems and the Fas Mart brand [name] equity **to** move forward," said Dagra, who will continue **to** be the sole owner of the privately owned Southern Retailers.

The company's corporate name will remain Southern Retailers, but its stores will be called Fas Mart because that name has a higher brand recognition than Southern Express, Dagra said.

Fas Mart was founded in 1974 in Mechanicsville by Frank B. Bradley III, who expanded the company through innovative programs such as adding banks inside its convenience stores and offering its own food program.

Much of Fas Mart's high reputation is directly attributed **to** Bradley, who is chairman of both the Retail Merchants Association of Greater Richmond and the public-private Greater Richmond Partnership Inc.

"Frank has always run a first-class operation," said Richard T. Riley, president and chief operating officer at rival East Coast Oil Co., the Richmond-based company that operates 36 convenience stores and gasoline stations in Virginia and North Carolina.

Riley said he was "totally shocked" **to** learn of Bradley's decision **to** sell his chain. Others in the industry agreed.

But Bradley said it was time **to** move on **to** new opportunities, particularly as the industry changes rapidly.

"The marriage makes sense **to** accomplish Owais' vision, **to** perpetuate the Fas Mart name and **to** allow me **to** move into different opportunities," said Bradley, who will remain as a consultant for two years and concentrate on his commercial real estate development business.

The **merger** comes when other convenience store operators are pushing into Fas Mart and Southern Express' territory.

For instance, WaWa Inc., the Pennsylvania-based chain of food markets and gasoline stations, plans **to** open several stores in Virginia next year, including locations in Fredericksburg. Fas Mart has 16 of its 42 stores in the Fredericksburg area.

Sheetz Inc., based in Altoona, Pa., also is moving south and reportedly is looking in the Richmond area.

"This combination will create a dominate force in the area," Dagra said.

PHOTO

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