

Fairmont luxury hotel portfolio

Overview

Oxford thinks in terms of decades, not years or quarters. So, when we acquired a portfolio of seven Fairmont luxury hotels in 2006, we had a long-term vision. The global financial crisis hit not long after our acquisition and the travel industry stalled. Despite short term challenges, we remained true to our vision and conviction in the long-term value creation opportunities at these iconic assets. We invested significantly to improve the guest experience and the hotels' environmental sustainability. We activated and elevated spaces, upgraded technology, repurposed real estate, found operating efficiencies and introduced new revenue streams. When international tourism rebounded, our hotels were ready to capture greater market share and outperform. In total, we've invested over CAD\$350 million in property improvements.

Three of the properties were not aligned to our long-term strategy, so once we had increased occupancy and stabilized the income profile, we sold them. The four remaining properties are strategic long-term holds—Fairmont Banff Springs Hotel, Fairmont Jasper Park Lodge, Fairmont Chateau Lake Louise and Fairmont Chateau Whistler. They enjoy high barriers to entry, with three operating on protected lands in Canada's National Parks and have over 100 years of history and memories in the hearts of travelers globally. They are also very strong performers, regularly operating at full occupancy and setting record high room rates. They are also among the most loved hotels in North America and part of the very fabric of Canadian history.





The details

Partnerships are an important part of Oxford's business model, as is our commitment to a strategically diversified investment portfolio. In early 2019 the time was right to bring in a co-investment partner and redeploy some of our capital elsewhere in service of our global investment strategy.

We ran a closed and targeted recapitalization process with a small number of global institutional investors who all share our vision and commitment to drive long-term economic and social value. Five months after our first meeting, we agreed to sell a non-managing interest to a sovereign wealth fund and keep an interest to preserve equity exposure to the Fairmont assets we value so deeply.

The takeaway

Setting a strategy and acting with conviction unlocks opportunities, and consistently acting in the best long-term interests of customers, the community and partners pays off for everyone.

Our team has stayed committed to the vision for the properties and investments since day one. We made choices with a long-term view—committing to capital investments when the market downturn would have made others shy away and fostering a culture where experimentation is encouraged, and nobody loses sight of the importance of delighting every customer.

The same is true in selecting co-investment partners, where we prioritize people who think and act like us, who want to grow with us, and who share the financial capacity and culture to bring a long-term vision to life.