

Queenstown gets JUCY

New Zealand Export Credit case study: JUCY Hotels

The Challenge:

Accessing additional bank finance to pay for a new hotel fit-out

The Solution:

NZEC's Loan Guarantee was provided to JUCY's bank as collateral to access additional funds to pay for the hotel fit-out



The Benefit:

JUCY obtained additional bank lending to pay the costs of their hotel fit-out, which will be subsequently repaid from the hotel's revenue once it is up and running.

New Zealand owned company JUCY has launched a JUCY Snooze hotel in Queenstown thanks to a little help from the NZ Export Credit team.

The family owned business certainly have not snoozed their way into growth. Starting out with their JUCY car rental business in 2001, they soon sailed into JUCY Cruise and from there they dreamt up the JUCY Snooze concept. JUCY Snooze hotels feature capsule style sleeping pods aimed at the 18-35 year old travellers.

Having already operated a hotel in Auckland, the team at JUCY launched JUCY Snooze in Christchurch in 2016 to resounding success. They soon had their eye on Queenstown and when the ideal premises came up late in 2017, they were keen to seize the opportunity.

But completing the fit out of 64 rooms and a roof top bar (with sensational views overlooking Lake Wakatipu), to high specifications, would come at a significant cost. The challenge for JUCY was how to fund the fit out whilst supporting the growth and demands of other areas of their business.

Their bank, ASB, was keen to help and sought to find an innovative solution, which would enable JUCY to pay the costs of the hotel fit-out over a longer period of time. This would effectively mean they could pay the loan back while they generated revenue from the hotel once it was up and running. However, ASB and JUCY needed a little help.

This is where NZ Export Credit team came in. What, you might ask, has a hotel in Queenstown got to do with exports? The answer is simple. International tourism is New Zealand's biggest export earner and it is a market that can benefit hugely from the services provided through the NZ Export Credit team says Business Originator Michael Hoare.

“JUCY is an iconic New Zealand brand that is also making inroads on the world stage. Supporting an initiative that would provide additional accommodation capacity to help Queenstown meet its increasing international tourists also made for a compelling case.”

Visitor arrival numbers at Queenstown airport are also growing. Combined, international and domestic visitors jumped by over 27% in 2017.

Working with JUCY and ASB, NZ Export Credit provided support through its Loan Guarantee. This enabled ASB to provide a loan to finance the hotel's fitout costs, which will then be repaid over five years.

For JUCY Snooze the support has paid off says JUCY's CFO Jonathan Duncan.

“We opened on May this year and occupancy rates have been consistently high. We're forecasting 80% of our occupancy will be international visitors so that's a great boost for regional tourism as well.”

Jucy: <https://www.jucysnooze.co.nz/>

If you want to understand more about how our **Loan Guarantee** may help you finance your **international tourism services**, or any other **export-related contract**, then get in touch.

Call us: 04 917 6060

Email: export.credit@treasury.govt.nz

Read more about our Loan Guarantee at:
<https://exportcredit.treasury.govt.nz/resources/loan-guarantee>

This document is available at <https://exportcredit.treasury.govt.nz/>

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