

Budapest is so small, we know everyone; we live here.

In the past decade or so, they finished nearly seven hundred rooms, about five hundred of which are located in downtown Pest. Mellow Mood runs cool boutique hotels, they renovated Klotild Palace during the years of the financial crisis, and they are currently working on the very valuable Párizsi Udvar. The owners are Jordanian businessmen who have been living in Hungary for over thirty years, doing business for twenty years and they are involved in a vast array of projects. We interviewed Zuhair Awad and Sameer Hamdan.

You are not usually featured on the rich lists, but I recently came across and estimate on 24.hu, valuing you at four billion HUF each.

Sameer Hamdan (SH): So little?

Zuhair Awad (ZA): I'd love to know where that money is. I think your reactions are a bit contradictory.

SH: See, this will be a difficult interview. (Laughs.)

But I'm interested to find out whether you agree with this estimate of four billion HUF.

ZA: We never calculated our wealth.

What does your business portfolio encompass currently?

ZA: We have twelve hotels, Párizsi Udvar will be the thirteenth.

How many of these are your actual property?

SH: Nine. We run or develop the others. But it doesn't make a difference to us, we manage each as our own.

Are you saying you are not interested to know how much it is all worth?

ZA: Of course we are, but more importantly we are proud of how we built this corporate group. We were friends starting a small company, running youth hostels, and now we have achieved all this. We have a lot of rooms, we employ around 600 people, we renovated Klotild Palace and we are working on Párizsi Udvar. When it opens, the number will rise to 800.

What brought you to Hungary?

SH: We are both from Jordan. I was born in Kuwait and Zuhair used to live in Syria, but we are both of Palestinian origin and we came to study in Hungary as Jordanian citizens. It was a coincidence that we arrived in Budapest on the 16th of September 1986 on the same flight. We didn't know each other then, we met two months later at the university canteen.

ZA: And our grandparents lived in neighbouring villages. Another coincidence. They lived about three or four kilometres apart, but they didn't know each other.

There is a rumour that you both started your careers as money changers, even though one of graduated as dental technician, the other as an economist. Walking along Váci Street, calling foreigners to "change money, change money".

ZA: Well, that is a tall story. It wasn't like that, really. I did change money, but I wasn't approaching foreigners on the street. I had a currency exchange company, this was my business until 1994. Sameer started running youth hostels in 1992, he was never in the currency business. I joined the tourism industry later, as I also had a textile business. I had a Turkish

business partner, we founded a small factory in Istanbul and imported nice pyjamas and underwear to Hungary.

You had an office at Keleti Railway Station, a tourist information centre. How did that start?

ZA: Sameer bumped into a friend in 1992, and he told him that there was great money in this. How does it work? – I asked, and he told me to come along to Keleti and see. There were around 150 students there, foreigners and Hungarians. They got on the train, went to the border at Hegyeshalom and back, and talked to Western tourists, recommending accommodation in Budapest. There were backpackers from all over the world, 70 % of them didn't book an accommodation in advance. There was no Internet at the time, no accommodation websites, students did the job of acting as agents for places to stay. When they got off the train, they each had three to five tourists. The group actually found accommodation for up to 200 tourists a day. This was the business Sameer joined.

SH: There was a time we ran three offices in different corners of the railway station to make sure we catch all the tourists. We dealt with a lot of tourists and students from all over the world. The team spoke every language imaginable. Canadians, Italians, Germans, Americans, really all sorts of people. Many decided to stay and work for us. A Canadian guy came here for three days, then he went to Prague for two days, and he returned and stayed for two years. It was fun. We still have an office at Keleti Station.

Was it good business?

SH: We earned a lot. We started leasing more and more hostels, university and secondary school dorms, and we rented these out to tourists. I remember, in 1995 or 1996, we had three thousand guests in one night. Seven or eight hostels and dorms. There weren't so many hostels in the city at that time, but we leased Schönherz, the dorms of the University of Horticulture and the dorms of the University of Technology as well as some secondary school dorms. We mainly rented these out during the summer season, but the secondary school dorms were also busy in the weekends. We leased the dorms from Friday evening, and rented them out till Sunday morning. We opened even for two nights. We ran good business with low investment. We only paid the lease, we didn't have to pay commission to websites, only to the students, so we had a decent profit.

Then you founded Mellow Mood. How did that start?

SH: We spent all our time together. We used to do everything

together, we met every day, we even lived together for a while, so it was perfectly reasonable to go into business together. That was in 1997, twenty years ago.

What was the next step in your enterprise? You opened your own hotel in 2000.

ZA: I'll tell you. (They both speak perfect Hungarian, but sometimes mix formal and informal language. They are outgoing people anyway.) I think it was in 1998, although I only remember numbers if it's about money, if it's dates, it doesn't matter. So Sameer told me about a great opportunity. He found a loft opposite Keleti Station, which could be turned into a hostel. We went to see it and we bought it straightaway. Then we started deliberating whether to turn it into a hostel or a hotel. We had quite a few hostels, and we asked an expert who suggested we turn it into a three-star hotel.

SH: We also leased a three-star hotel, Fortuna on Gyáli Road, we took guests there because more and more people wanted a higher standard of accommodation. We looked at the numbers and realised that it might be worth owning a hotel instead of taking commission from others for the guests we send. So we accepted the offer of the owner and bought the Fortuna building. This was a turning point. We decided to go into property development and Baross City Hotel was opened in 2000. It is still open today.

How did you finance it?

ZA: We are very lucky. We both buy lottery tickets every Saturday, and we win the jackpot every Sunday. (Laughs.)

Seriously though?

ZA: We earned a huge profit in the hostel business, so we had savings. I worked a lot and invested everything in this. Sameer did too.

SH: We didn't take a bank loan until 2004. We managed to finance everything by re-investing all the profits.

Do you also spend money on entertainment?

ZA: Of course we do. We work a lot but we enjoy life. We travel, eat, drink, shop. You have had very strong political ties since 2010. Even businessmen born and bred in Hungary, or multi-generational family businesses rarely get such involvement.

SH: What do you mean?

I'll list a few names. I'd like to know how you met these people, how closely you are involved with them. Garancsi István? I see a lot of Market billboards on the street, his company is doing the construction work of Párizsi Udvar.

SH: We met him once and had lunch together.

ZA: This is our fourth investment implemented by Market group. There was La Prima Hotel, Estilo. Buddha Bar and now Párizsi Udvar. But during the first three developments Garancsi was not involved in the corporation. Even before the current political situation we commissioned them to do our building work. Why? Because building work is their passion. They are fair business partners. I met Scheer Sándor yesterday because they are also doing the construction work of my home, and I told him how wonderful his team was. They don't try to trick their customers, they are always very professional. If they make a mistake they admit it. We worked with them for the first time in 2009, during the previous government, and Market had a different owner then.

I'll tell you another name then. Rogán Antal? When you got Párizsi Udvar in 2012, he was already the mayor.

(They do not own the property directly. It is owned by Párizs Property Ltd., the company of a businessman named Ayesb Majdi who agreed to sell them most of his shares in a few years.)

SH: We had a lot of developments in district V. How would it be possible not to negotiate with the mayor, considering how many projects we have and how many people we employ? It's not just about our own projects but also for example about pickpockets operating downtown, and litter, and fraudsters selling fake iPhones, tricking our guests.

ZA: I'll tell you how we started dealing with him. It's important too. He was the first mayor willing to meet us. We had a lot of projects in district V. even before Rogán became mayor, but we couldn't build strong ties. We sent Rogán an e-mail and he quickly replied. We told him we wanted to discuss the problems of the district and to inform him of our plans.

We bought 83 Váci Street at that time and

25 YEARS

1992

Renting university dorms during the summer season

2000

Baross City Hotel *** opens. It is the first hotel development.

2002-

Managing Marco Polo Ho(s)tel

2004-2009

Managing, later purchasing Star City Hotel *** and Atlas City Hotel ***. Managing Mellow Mood Central Top Hostel. Délibáb City Hotel ***, Domino Top Hostel and Europa Hostel & Congress Center. Managing the 3-star Mátyás city Hotel, Ring City Hotel and Pilvax City Hotel.

2007-

Development of the first 4-star hotel, Atrium fashion Hotel.

2008-

Promenade City Hotel *** superior and Buda Castle Fashion Hotel****

2009-

Expo Congress Hotel 2010-2011
Development of Alta Moda Fashion Hotel****

2011-

La Prima Fashion Hotel Budapest****

2012-

Buddha Bar Hotel****
Estilo Fashion Hotel****
Mirage Fashion Hotel****
La Prima Fashion Hotel Vienna****

2014-

Winning the tender to manage Párizsi Udvar

built a four-star hotel, Estilo. He was glad someone bought that run-down property at last. It used to be just a shell of a building, full of homeless people, always causing trouble. As for Párizsi Udvar, they had been looking for a developer for several years. There were many tenders, but nobody wanted to risk it. When the last tender was published we were the only applicants; the only developers who actually wanted to get involved. As we had already finished renovating Klotild Palace, they knew they could believe us. **SH:** We had a reputation of successfully carrying out all our plans. We don't just buy properties and let them sit there for ten years unchanged. We build, start and complete our projects, and we are important partners for the district.

Puskás András? He was Rogán's deputy for years, and now he is the deputy head of Eximbank. He signed the nearly seven billion HUF loan for the development of Párizsi Udvar.

SH: We met Rogán about once a year or so, but we met his deputy a lot more frequently. He was a practical person, we regularly updated him about our progress, what we were doing, what we were building, day-to-day business. Then he ended up at Eximbank, where we applied for our loan...

Coincidence, like the lottery?

ZA: This is really a coincidence. We were rather upset about the way the media handled it. They attacked us for receiving a loan from Eximbank. We applied at several other banks too, but this was the only one willing to finance hotel development. By the way, we were not the only developers getting a loan from them. They financed some other Budapest hotels too.

Strange, as it is not in their profile.

SH: I think it is. They have been giving loans to local developers for the past three years, and it is a good project, a good investment, a good concept. The costs are high, but so is the future cash flow income. It's a good loan and these investments are important to the state too. But, speaking of Puskás András, he didn't make the decision about our loan. Such a large sum needs to be discussed by a committee and there are a lot of conditions. We worked on the loan application for 20 months, and anyway, we haven't

received any of it yet.

(The interview was recorded on the 9th of December.)

How did you manage to make the Párizsi Udvar project an investment of outstanding importance for the national economy?

ZA: We filed an official application, Judit and Gizi went to the ministry. (Blandl Judit managing director was also present for this interview; here we are talking about her and Korenyi Gizella financial director. There are many women working for Mellow Mood in high positions.) The status doesn't actually bring us any money or financial support, just easier regulations.

And that means only a faster bureaucratic process. We must still fulfil all the required conditions, but the authorities can't take a very long time in dealing with our applications. So it's faster, that's all.

SH: We are talking about a very important building that was left to decay for thirty or forty years. It was practically falling apart, so the state is glad to find someone to start developing it. But it is a huge investment and we agreed to a deadline with the local government and Eximbank to finish the project. So it was essential to reduce the risk of bureaucracy taking up too much time. If a permit is to be granted within 30 to 60 days, authorities usually act on the 60th. This would hinder the project too much. We face technical problems on a daily basis and there is also the matter of the building being part of the National Heritage, under monument protection.

How big is the investment?

SH: We would estimate 36-37 million EUR, but it will most likely go up to forty. There are a lot of unforeseeable problems. It is a risky project in this aspect, but now we can map 99 % of our tasks. And eventually there will be a beautiful five-star hotel, with 110 rooms and a penthouse suit on the top floor, a gorgeous view, coffee shops, a restaurant, a huge lobby; nothing like this existed in Hungary before. Everyone will see how rich this house is. There are such precious things, 70 % of the tiles are Zsolnay, there is etched glass, and a crystal dome too. Only it got covered in dirt over the years.

When is the grand opening?

ZA: We would have liked to open in 2017

but it will be the spring of 2018 due to difficulties with monument protection issues.

Will Orbán Viktor attend, like the grand opening of Buddha Bar?

SH: We hope so. We would really like him to.

How well do you know him?

ZA: We have coffee together twice a week. (Laughs.)

SH: We met him two or three times. The first was at the opening of Buddha Bar.

The Prime Minister doesn't usually attend the grand opening of hotels. How did you manage to invite him?

SH: We worked on it for a year. We sent out a lot of invitations, because we were very proud of the completion of the Klotild Palace project with a five-star hotel. It was a challenge and a positive message to complete such a project in the middle of the financial crisis. Nobody finished such a grand project in the city in the previous years, or in the following years for that matter. Everyone shied away from hotel development and management in Budapest at the time, banks refused loans for the purpose and no major brand name wanted to invest in Hungary between 2009 and 2014, even 2015. All big brands refused to come to Budapest, yet we brought a significant franchise, Buddha Bar. We were proud of it and wanted to show the Prime Minister what we achieved. The grand opening was also the National Day of Jordania, which is probably why he chose to attend. That day was doubly precious.

The financial crisis also hindered the development of Buddha Bar. There was a significant delay.

SH: We had a lot of problems. Two construction companies gave up, Market was the third and they completed the work. We had several on-going projects during the financial crisis; we opened smaller hotels, with 70 – 80 rooms. We were awarded the Gold Cross of Merit by the state. Such an honour is always preceded by a thorough screening, they checked what we did, how many jobs we created, what we built. This was followed by the grand opening of Buddha Bar.

We haven't mentioned Ghaith Pharaon yet. Tarsoly Csaba said in an interview with Magyar Narancs that they had lunch

here at Buddha Bar. Do you know them?

SK: We met them and several other businessmen at a conventional, official business lunch. We didn't know anything about him, we were not aware that he was wanted by the authorities for the past 20 or 25 years. We weren't the hosts of the event, we received an invitation and accepted it. There were a lot of people there, foreigners and Hungarians too.

ZA: Why don't you ask us whether we know Gerendai Károly?

Do you?

ZA: We are on very good terms with him. We came up with the idea of international cuisine at Sziget Festival together, about 10-15 years ago. We provided Russian, Indian, African, Greek cuisine, all kinds of food. We respect him and we like him. He brought very good business to the city.

Okay, let me give you another name.

Andy Vajna? I saw some photos of you with him.

SH: Vajna is a nice man. He is a regular at Buddha Bar parties, but we have no business deals with him.

ZA: Unfortunately. (Laughs.)

SH: We know a lot of celebrities, this is a nightclub too. And Budapest is so small, we know everyone, we live here, we attend events, we buy and sell. We were successful even before 2010 and we still deal with the same people; now our contacts include a few politicians too. But we are not interested in politics. We are businessmen, doing business with everyone. And we see how much this city is improving. Tourism is picking up, now there are 11 million people landing at the airport annually instead of 8 million. Those who work in the tourist industry see the improvement. Especially in district V. We are not sure about the reason. We used to keep an eye on Prague, but not anymore. Budapest acquired name and fame. In 2008 we were the only ones to trust this would happen. We believed in the city, we saw the potential and now we are getting results.

I will stop talking about politics, but let me ask you one more question first: do you think you would have achieved so much without your useful contacts?

ZA: We could have achieved more. What we got is the merit of our great team. Six hundred employees we kept even during

the financial crisis. Some have been working for us for twenty years. There is one contribution politics made to our success: politicians were willing to attend our grand openings and praise us. But only recently; this never used to happen before, even though we knew some people.

SH: Political issues also caused us losses sometimes, and we avoided some projects for this reason. For example we never applied for state funding. Actually once we received 500 000 HUF for a concert series, but that's all. We didn't want to give rise to suspicions. This is the success of Mellow Mood, and we don't want to get into anything that puts our corporation at risk. When we started we never imagined where we would be in twenty years' time. The team, the owners, we all worked for our success and we still have plans. We see what needs improving. We also see more potential in district V.

Looking at corporate information, there seems to have been litigations and tax debts with some members of the corporate group.

ZA: Yes, such things occurred during the financial crisis. We were owed money too. Those were difficult years. We only ran one of our most beautiful hotels, the four-star Alta Moda on Nádor Street for six months. It opened in 2010. We ran it from May to the end of the year. We had to sell it. CEU bought it and merged it with the new university building. We had to sell a lot of assets around that time to maintain our company. We had to make a lot of decisions, not only as businessmen but also as human beings. Our management decided to accept 10% lower salaries so we wouldn't need to let go of any employees. This company was founded on friendship and prospered on friendship. Today we have no debts. We don't owe tax authorities, local governments or anyone.

You speak excellent Hungarian.

When did you get Hungarian citizenship?

SH: In 2013. Last September we turned thirty years of living here. We made our homes here, we don't want to leave. We often go back home for a visit, but we have spent most of our lives here.

ZA: I could call Hungary my home, couldn't I?

New rooms between 2008
and 2016 in Budapest city centre:

3288

Mellow Mood rooms of the above:

484

New rooms between
2008 and 2016 in all of Budapest:

4273

Mellow Mood rooms of the above:

669

Corporate income (billion HUF)

2012:

3288

2013:

484

2014:

4273

2015:

669