

## Porto Montenegro, the Balkan Riviera

The resort is courting Russian oligarchs and minigarchs as it prepares to open for its first season

By Peter Savodnik

The black-and-white-tiled infinity pool at Porto Montenegro stretches 213 feet and features panoramic views of the Bay of Kotor. It's believed to be the longest infinity pool in the five-year history of the Republic of Montenegro, and a construction crew is currently at work on a surrounding teak deck, rows of cabanas, and a DJ platform. On the opposite shore is a cluster of squat gray houses where Yugoslav Army officers once vacationed.

The pool, now empty, is expected to be filled by July. That's when British ex-hedge-fund manager and Rothschild scion Nathaniel Rothschild will celebrate his 40th birthday with 400 of his closest friends. According to Colin Kingsmill, Porto Montenegro's sales and marketing director, Rothschild's guests will include the ritziest, wealthiest, and most photogenic people on earth. Kingsmill won't say who's coming, exactly, but he claims the "least interesting" person on the invite list is Tony Blair.

The soiree is the highlight of what local officials predict will be the most exciting summer in the history of Porto Montenegro—largely because it's going to be the first summer in the history of Porto Montenegro. Three

years after breaking ground, the resort town—located in the western city of Tivat—is preparing to celebrate its first fully functional season. Porto Montenegro encompasses 60 acres of beachfront real estate and has water rights to 160 acres along the Bay of Kotor, which, local officials note, leads to the Adriatic Sea, which leads to the Mediterranean Sea. When all the construction is completed in five or six years, Porto Montenegro will include a luxury hotel, a casino, 700 apartments, and 650 yacht berths. In the meantime, according to Kingsmill, condominium prices have already risen from \$600 to nearly \$2,000 per square foot. If all goes as planned, Rothschild could celebrate his 50th birthday there, too.

Montenegro has one particular advantage over other powder kegs of the nouveaux riches: Not only is it gorgeous, it's also very poor. Just beyond Porto Montenegro's gated walls is a broken country littered with rusting Yugos and a lot of tall people with unfortunate dentistry. Until 1991, Montenegro was part of communist Yugoslavia; then it was part of Serbia, and in 2006, after war ravaged nearly all of former Yugoslavia except Montenegro, Montenegro achieved independence.

Inside the gates of Porto Montenegro, however, the atmosphere is Miami-meets-Venice with a healthy dollop of Soviet chic: models in thongs, men with spray tans, and four-story apartment buildings. Locals like to brag that the casino from the 2006 James Bond movie *Casino Royale* is supposed to be in Montenegro. "This has been very good for branding," says Branko V., who does not use a last name and studied marketing in the capital city of Podgorica before becoming a taxi driver. However, Phil Méheux, *Casino Royale's* director of photography, says the casino scenes were actually shot in the Czech Republic. Regardless, Tivat is blessed with a deep port, which was once the home of Soviet warships—and will now welcome Russian superyachts.

Naturally, the resort town is the brainchild of an octogenarian Canadian billionaire. Peter Munk toured the undeveloped area by helicopter in 2004 and decided it was the perfect site to build a new French Riviera, albeit from 50 years ago—before, he says, the French Riviera became too expensive, too congested, and too French. "The French are a bunch of goddamned spoiled kids," says Munk, the founder and chairman of Barrick Gold ([ABX](#)), the world's largest gold mining company. "I was in Monaco in the Fifties, when they were hungry and kissed the ass of the British—*kissed* the ass!—and they did what they had to do to please them, to feed them, to go to bed with them. They were poor then, and the pound was ruling." No longer, says Munk: Now, "they think the water belongs to them."

So in 2008, Munk led the effort to develop the anti-Monaco Monaco in a recently sovereign country where there's no fuel tax, no economic base, and the government is extremely eager to attract foreign capital. (Kingsmill says the Montenegrin Army sweeps the waterfront for bombs every time Oleg Deripaska, the Russian aluminum oligarch and Porto Montenegro minority stakeholder, is due to arrive. Deripaska's spokesman declined to comment.) Munk, 83, doesn't mind that he may not live to see a return on his \$135 million investment. "I cannot think of a better thing I've done in my life," he says. "I saw a project that, in a relatively short period of time, could transform not just the global perception but the whole country's economic base."

Perception problems, though, still abound. While Montenegro's history suggests there may be some bureaucratic snags, a greater problem, say local authorities, is the potential clientele. Thirty percent of the people already coming to the resort town are extremely wealthy Russians, Kingsmill says, before adding carefully, "They're *not* the Russians you find at Monaco." The Russians you find in Monaco, he explains, smoke

profusely, wear flashy Italian clothing, and usually come with gaggles of young women and mock-turtleneck-wearing bodyguards.

*These* Russians have already taken over Budva, a half-hour drive south of Porto Montenegro, and are in search of new ports, nightclubs, and other places to spoil. According to Vija Beumanis, who is launching the restaurant One at Porto Montenegro, "the threat is real." Beumanis says numerous Russian oligarchs, minigarchs, and aspiring minigarchs have already snatched up beachfront property—though she suspects that Porto Montenegro is not "glitzy enough for ultra-bling Russians, who'd prefer to dock next to P. Diddy in St. Tropez." Still, Ben Schusterman, the president of Los Angeles-based ElJet Aviation Services, says his company routinely flies groups of seven or eight from Moscow to Podgorica or Tivat. A roundtrip costs \$49,000.

Herein lies Porto Montenegro's greatest challenge: discouraging certain clientele while still fostering an environment that attracts the ludicrously rich. Oliver Corlette, Porto Montenegro's managing director, says there's nothing inherently unclassy about newly loaded Russian oligarchs. "We have all seen unsavory British, German, and American tourists, as well as Russian," Corlette says. "We expect [Porto Montenegro] will appeal only to those who appreciate the authentic and subtle forms of luxury, wherever they are from." As proof, Kingsmill says the Russians currently visiting Porto Montenegro are much more like Deripaska than, say, Mikhail Prokhorov, the Russian tycoon who was arrested on suspicions of importing hookers during a 2007 French repast. Deripaska, on the other hand, "loves yoga," Kingsmill says. "He comes here with his kids and walks around in his flip-flops and buys them gelato." To assuage any outstanding anxieties, though, Corlette is quick to note that Porto Montenegro "includes a majority of Western Europeans—in particular, British."

Developers hope to soon add Hollywood stars, European aristocrats, and oil sheiks to the guest list. (Kingsmill says there was a lot of Porto Montenegro buzz at the 2011 Abu Dhabi Yacht Show.) Yet Munk doesn't care who comes. He never intended to create a "community," he says. The most important thing, according to Munk, is being in a beautiful yacht, far away from other people. "Here they can just be themselves," Kingsmill says, whatever that may entail. According to Branko, the taxi driver, "Here they are being assholes like there are no other assholes on the earth." That, too, is part of Munk's grand vision: "Fifty years from now," he says, "I hope the Montenegrins are prosperous enough that they don't give a s—t about some Brit showing up in a yacht!"