

NEO SEGESTA GRUPA
EXPRESSION OF INTEREST IN:
STRATEGIC PARTNER - INVESTOR

NEO SEGESTA GRUPA
IODINE WATER SPA PROJECT
SISAK, CROATIA



Project air view (projection)

1. Project stakeholders

The initiators and stakeholders of the Project are persons with years of technical and managing experience in the field of architecture, economy and building:

Gordana Domić, Zagreb – architect,
Boris Koružnjak, Zagreb – architect,
Darko Bjelica, Sisak – economist, and
Davor Buinac, Sisak – building contractor.

Their external associates are Croatian experts in medicine, tourism, geology and marketing.

2. The idea and goals of the Project

Idea:

- put thermal iodine water into operation for permanent use as a natural resource for health, pharmaceutical, scientific, sports and recreational purposes.

Goals :

1. provide a material basis for long-term use of the resource (thermal iodine water) through features such as spa, geriatrics, wellness, institute, sports, recreation, etc.;
2. continuous application of thermal iodine water on a scientific basis for the needs of medicine, pharmacy and sports;
3. reach the level of a respectable European health centre for balneology, endocrinology and respiratory & loco-motor diseases.

3. About iodine water

Geothermal iodine water was discovered on more sites at Sisak and outskirts but has remained unexploited for twenty years now.

Geological research, started back in 1928, resulted in several deliverable wells. The main, iodine-deliverable well yielded 43,000 litres of water per hour. In terms of power, that is one of the strongest springs of thermal iodine water in Europe, and in terms of thermeability second to none *worldwide* with its temperature of 54°C at the spring and its average iodine content of 25 mg/lit.

Founded on the spring was Sisak's natural iodine thermal bath, at that time the best equipped public baths in Europe. Between the two World Wars the place (today no longer existing) was visited by many patients and tourists from Vienna, Budapest and other European cities.

In the period 1931-1936 8,000 l/h of iodine water was obtained from another spring for bottling and selling at home and abroad as *Sisačka mineralna voda (Sisak mineral water)*.

4. Possible use of iodine water for medical and pharmaceutical purposes

The basic characteristics of the water in question according to international classification are thermal-mineral and hyperthermal properties, plus high iodine content.

Sisak's hyperthermal water belongs to petroleum mineral waters and can be successfully applied in the treatment of respiratory, endocrine, rheumatic, neurological and vascular diseases.

In medicine iodine water is largely used in the following areas:

- respiratory system (asthma, bronchitis, sinuses),
- endocrine diseases (thyroid gland),
- locomotor system (spinal troubles, joint diseases, osteoporosis),
- vascular system (arthritis, spondylosis, sclerosis, cholesterol),
- genecology (chronic diseases),
- neurology (multiple sclerosis, nerve damage).

The main area of using iodine water in pharmaceutical industry is the extrusion of elementary iodine from hyperthermal iodine water.

5. Urban development aspect

Sisak town is situated 50 km away from Zagreb. With its urban development programme it has the status of a major regional centre, the centre of Sisak-Moslavina County, one of the counties of central Croatia.



Project air view (projection)

In accordance with Sisak's urban development plan and as recommended by competent town services, a 106-hectare zone has been defined and a proposed urban development study made.

A location has been selected for the features of the Neo Segesta Grupa project, and a minimum required area of 20-hectare is planned, with a desirable area being about 35 hectares (apart from a hotel, a wellness centre, geriatrics and other public features, residential housing is also included).

6. Project status

- a) the project team has been formed (see 1. above);
- b) micro-location for the construction of a health, rehabilitation and sports centre has been selected and a proposed urban development study made for that location;
- c) a written support for the Project has been received from Sisak Town Hall;
- d) a medical draft study on the application of thermal iodine water has been written;
- e) a technical inspection of thermal zones has been carried out, micro-locations for two wells selected and the preparation of a geothermal study for research works started;
- f) at the Ministry of Agriculture, methodology defined and the concession process launched;
- g) 13,500 sq. m. land for the first well has been purchased and the spatial plan modified to allow for the exploitation of thermal iodine water;
- h) with Deloitte & Touche of Zagreb consultations have been conducted concerning an investment study;
- i) a new company, *Neo Segesta Grupa d.o.o.*, has been founded.

7. Organisational and functional units of *Neo Segesta Grupe d.o.o.*

Based on the general idea and objectives, the following organisational and functional units have been formed:

Group A:

1. **thermae** – outpatient clinical and polyclinical services, in-patient clinic, spa, educational and research centre;
2. **geriatrics** – accommodation and provision of medical services to senior citizens;
3. **institute** – for balneology, endocrinology, respiratory and locomotor system, internationally and scientifically oriented;
4. **hotel** – sports, recreation and health tourism;
5. **wellness centre**;
6. **sports & recreation centre**– pools, playing fields, gymnasiums, saunas, etc.;
7. **social amenities** – kindergarten, polyvalent gymnasiums, galleries, restaurants, arts workshops, etc.

Group B:

1. **iodine processing** – production of elementary iodine for pharmaceutical industry;
2. **bottling plant** – bottling of fresh spring water and refined iodine water.

8. Estimated investment costs

Based on to-date information and the reached project implementation stage, the estimated total investment costs (including taxation) for the *Neo Segesta Grupa* would amount to **€ 83.384.000,00**.

Investment cost specification:

A. PRE-INVESTMENT COSTS:	
Land	2.500.000,00
Tax on land	125.000,00
Designing	3.390.000,00
Municipal contributions	2.725.000,00
Concession and wells	1.600.000,00
Consultants	192.000,00
total A :	10.532.000,00 €
B. CONSTRUCTION COSTS:	
Thermae	10.235.000,00
Geriatrics	6.100.000,00
Institute	4.050.000,00
Hotel	18.700.000,00
Wellness	6.680.000,00
Sports centre	10.065.000,00
Public facilities	5.125.000,00
Iodine processing	4.050.000,00
Bottling plant	5.270.000,00
total B :	70.275.000,00 €
C. ANCILLARY CONSTRUCTION COSTS:	
Site mobilisation	40.000,00
Supervision	2.020.000,00
Electricity connection	300.000,00
Water and gas connections	97.000,00
Equipment	120.000,00
total C :	2.577.000,00 €
D. GRAND TOTAL (A+B+C):	83.384.000,00 €

9. Conclusion

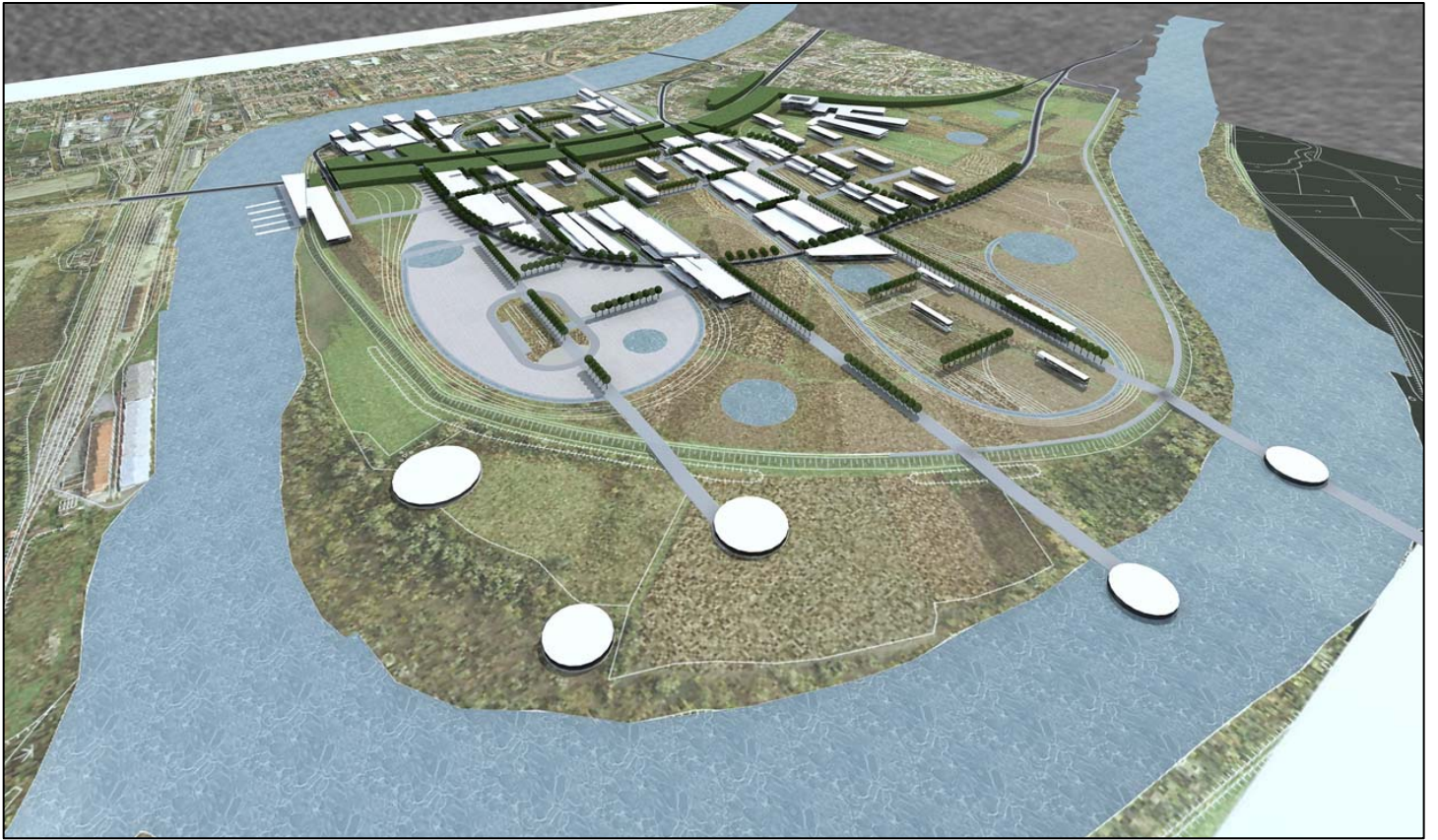
In view of the described situation and current status of the Project, it is necessary to:

1. find and engage strategic partners (spas, funds, tourist companies, pharmaceutical companies, etc.) for the purpose of project co-financing through co-ownership with *Neo Segesta Grupa d.o.o.*,
2. once the partners have been found, agree on the conditions of further long-term co-operation.

In Sisak, November 2007

Neo Segesta Grupa d.o.o.

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