CIRCULAR OF THE TENDER OFFER, AIMED AT DELISTING THE SHARES OF CITY SERVICE SE FROM TRADING ON AB NASDAQ OMX VILNIUS
16 November 2015, Vilnius

1. Terms of the tender offer:

In the extraordinary general meeting of shareholders of City Service SE (the "Company" or the "Offeree Company"), dated 6 November 2015 (the "Meeting") it was decided to initiate delisting of all the outstanding shares of the Company and to delist them from trading on AB NASDAQ OMX Vilnius, however, only on the condition that and only after the shares of the Company will be admitted to trading on the Warsaw Stock Exchange. In the Meeting it was also decided that the shareholders, who voted for the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius, will submit the circular of the tender offer, aimed at delisting the shares of the Company from trading on AB NASDAQ OMX Vilnius (the "Tender Offer"), to the Bank of Lithuania for approval within 20 (twenty) days after the admission of shares of the Company to trading on the Warsaw Stock Exchange. Only the controlling shareholder of the Company UAB "ICOR" (the "Offeror") voted for the aforementioned decisions.

Referring to the above, as well as the fact that the shares of the Company were admitted to trading and listed on the Warsaw Stock Exchange on 16 November 2015 and following paragraphs 1, 3 and 4 of Article 38 of the Law of the Republic of Lithuania on Securities (the "Law on Securities"), the obligation emerged to the Offeror to submit and implement the Tender Offer regarding the remaining 10,674,382 (ten million six hundred seventy four thousand three hundred eighty two) shares of the Company with a par value of EUR 0.30 (thirty eurocents) each.

However, following paragraph 3 of Article 38 of the Law on Securities, during the effective term of this Tender Offer, the right to respond to the Tender Offer and to sell their shares, held as at 6 November 2015 to the Offeror will be vested in the persons, being shareholders of the Company on 6 November 2015, who voted "against" or who did not vote at the time of taking the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius.

The Tender Offer price is EUR 1.715 (one euro, seventy one and five tenths of eurocents) for 1 (one) share.

2. Name, legal form, legal entity code, address of the registered office, telephone and fax numbers, e-mail address, website address of the Offeree Company:

Name of the Company: City Service SE;
Legal form: European public limited liability company (*Societas Europaea*, SE);
Legal entity code: 12827710;
Address of the registered office: Narva mnt. 5, 10117 Tallinn, the Republic of Estonia;
Address for correspondence in Lithuania: Gynėjų str. 16, LT-01109 Vilnius, the Republic of Lithuania;
Tel.: +370 5 239 49 00;
Fax: +370 5 239 48 48;
E-mail address: info@cityservice.eu;
Website address: www.cityservice.eu.

3. Particulars of the Offeror:

3.1. First name, last name, residence address, telephone and fax number of the offeror (where the offeror is natural person):

Not applicable.

3.2. Name, legal form, legal entity code, address of the registered office, telephone and fax number, e-mail address, website address of the Offeror (where the Offeror is legal entity):

UAB "ICOR", a private limited liability company, organised and existing pursuant to laws of Lithuania, legal entity code 300021944, address of the registered office Konstitucijos ave. 7, 28 stage, LT-09308 Vilnius, the Republic of Lithuania, tel. +370 5 239 48 00, fax +370 5 239 4901, e-mail address info@icor.lt, website address www.icor.lt.

3.3. First name, last name, residence address, telephone and fax numbers of the offeror's representative (where the offeror's representative is a natural person):

Not applicable.

3.4. Name, address of the registered office, legal entity code, telephone and fax numbers of the offeror's representative (where the offeror's representative is a legal entity):

Not applicable.

4. Consultant of the Offeror (legal entity name, first name, last name, address of the registered office, telephone and fax numbers of the consultant):

Name of the company: AB DNB bankas;
Legal form: public limited liability company;
Legal entity code: 112029270;
Address of the registered office: J. Basanavičiaus str. 26, LT-03601 Vilnius, the Republic of Lithuania;
Contact person: Mindaugas Tutlys;
Tel.: +370 5 239 34 44;
Fax: +370 5 213 90 57;
E-mail address: info@dnb.lt;
Website address: www.dnb.lt.

Name: law firm TARK GRUNTE SUTKIENE;
Office address: Didžioji str. 23, Vilnius, the Republic of Lithuania;
Contact person: Vidmantas Drizga;
Tel.: +370 5 251 4444;
Fax: +370 5 251 4455;
E-mail address: lithuania@tgslegal.com;
Website address: www.tgslegal.com.

5. The implementation term of the Tender Offer (in days):

14 (fourteen) calendar days.

6. Number of the outstanding shares of the Offeree Company according to type and class, ISIN code, their par value and the number of treasury shares held:

On the date of signature of this circular, the Company has outstanding 31,610,000 (thirty one million six hundred ten thousand) ordinary registered shares EUR 0.30 (thirty eurocents) par value each (ISIN code EE3100126368), with the total par value of EUR 9,483,000 (nine million four hundred eighty three thousand euro).

On the date of signature of this circular, the Company holds no treasury shares issued by itself.

7. Information about admission of securities issued by the Offeree Company to trading on a regulated market:

All the ordinary registered shares of the Company (ISIN code EE3100126368) are admitted to trading and listed on the Main List of AB NASDAQ OMX Vilnius, also on the Parallel Market of the Warsaw Stock Exchange.

8. Minimum and maximum number of the Offeree Company's securities intended to be purchased by type and class, ISIN code; if the owners of the securities issued by the

Offeree Company do not sell the number of securities intended to be purchased, the tender offer is deemed failed (to be reported in case of a voluntary tender offer):

Not applicable.

9. Number of the outstanding securities of the Offeree Company according to type, class and ISIN code, specifying the number of votes (%) attaching to such securities, which:

9.1. were (are) held by the Offeror by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was exceeded and on the day of signing this circular (to be reported in case of a mandatory tender offer); are held by the Offeror by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

The Meeting, which has adopted the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius, was held on 6 November 2015. On the day of the Meeting the Offeror held and on the day of signature hereof holds 20,935,618 (twenty million nine hundred thirty five thousand six hundred eighteen) ordinary registered shares of the Company with a par value of EUR 0.30 (thirty eurocents) each, which constitute 66.23% (sixty six and twenty three hundredths percent) of shares and votes granted thereby in the general meeting of shareholders of the Company.

9.2. were (are) held by each of the persons acting in concert by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was exceeded and on the day of signing this circular (to be reported in case of a mandatory tender offer); are held by each of the persons acting in concert by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

Not applicable.

9.3. may be acquired by persons referred to in items 9.1 – 9.2 hereof, who have the right to acquire securities of the Offeree Company on their own initiative according to an effective agreement:

Not applicable.

9.4. are deposited by third persons with persons referred to in items 9.1 – 9.2 hereof, who have the right to exercise the voting rights attaching to these securities at their own discretion:

Not applicable.

10. Type, class and ISIN code (if any) and the number of the securities issued by the Offeror and held by the Offeree Company by the right of ownership, also the number of votes at the general meeting of shareholders of the Offeror held by the Offeree Company:

The Company does not hold either any securities issued by the Offeror or any votes at the general meetings of shareholders of the Offeror.

11. Manner of settlement for the Offeree Company's securities being purchased (cash, securities or a combination of cash and securities):

Shares purchased in the implementation of this Tender Offer shall be paid in cash. The payment for the shares purchased in the implementation of this Tender Offer shall be effected in euros.

12. Price (the exchange rate in case the settlement is effected in securities or a combination of cash and securities, i.e. the whole number of cash and securities offered for exchange per one security of the Offeree Company being purchased), at which the

Offeree Company's securities will be purchased (Tender Offer price). In case of a voluntary tender offer, where the settlement is effected in securities, the price must also be indicated in cash:

The Tender Offer price is EUR 1.715 (one euro, seventy one and five tenths of eurocents) for 1 (one) share.

13. Method of pricing the Offeree Company's securities being purchased, substantiation of the price:

Following paragraph 4 of Article 38 of the Law on Securities, the price of the tender offer, aimed at delisting of shares from trading on AB NASDAQ OMX Vilnius, price must be no less than the average weighted market price of the shares of the Company within 6 months before the day of public notification about the intention to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius.

Public notification about the intention to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius, based on which the decision regarding delisting of Company's shares from trading on the indicated regulated market was taken, was announced on 15 October 2015. Thus, following paragraph 4 of Article 38 of the Law on Securities, when establishing the Tender Offer price it has to be based on the average weighted market price of Company's shares on the AB NASDAQ OMX Vilnius, in the period from 15 April 2015 till 14 October 2015, which is equal to EUR 1.657.

The Board of the issuer has also announced on 9 April 2015 about the intention to delist the shares of AB "City Service", the legal successor of rights and liabilities of which is the Company, from trading on AB NASDAQ OMX Vilnius. However, during the general meeting of shareholders of AB "City Service" of 30 April 2015, due to objective reasons, the shareholders had not adopted the decision to initiate the delisting of shares from the OMX. In case the indicated decision would have been adopted on 30 April 2015 and the obligation to submit and implement the tender offer would have occurred to the shareholders, who voted "for" it, while establishing the tender offer price, it would have to be based on the average weighted market price of AB "City Service" shares on AB NASDAQ OMX Vilnius in the period from 9 October 2014 till 8 April 2015 which was equal to EUR 1.715.

Although, the Offeror considers that the above mentioned public notification about the intention to delist the shares of the issuer from trading on AB NASDAQ OMX Vilnius did not raise legal consequences, as the decision regarding delisting of shares from trading was not adopted by the general meeting of shareholders and, while establishing the Tender Offer price, the average weighted market price of Company's shares on AB NASDAQ OMX Vilnius for the period, from 15 April 2015 till 14 October 2015 has to be referred to, however, the Offeror, aiming to ensure the protection of rights and legitimate interests of shareholders of the Company to the maximum extent and acting in compliance with paragraph 4 of Article 38 of the Law on Securities, adopted a decision to pay for the purchased shares of the Company the price, equal to EUR 1.715 (one euro, seventy one and five tenths of eurocents) for 1 (one) share of the Company.

14. Information about securities offered in exchange:

14.1. name, legal form, legal entity code, address of the registered office, website address of the issuer of the securities:

Not applicable.

14.2. characteristics of the securities (type, class, ISIN code, par value, etc.):

Not applicable.

14.3. the number of securities offered in exchange held by the Offeror:

Not applicable.

14.4. regulated markets of the European Union Member States at which the securities in question are traded:

Not applicable.

14.5. the place at which the prospectus of and other information about the securities offered can be accessed:

Not applicable.

15. Information about the sources of financing the Tender Offer (whether own funds or borrowed funds will be used for the implementation of the Tender Offer; the manner of securing repayment of borrowed funds: guarantee, suretyship or pledge/mortgage of assets, indicating the lender, guarantor, surety, pledgee/mortgagee (mortgage creditor), etc.):

The Offeror will use own funds for the implementation of the Tender Offer. Payment for shares of the Company purchased by the Offeror in implementation of this Tender Offer is secured by transferring all the funds necessary for the implementation of the Tender Offer to a special account of the Offeror opened with AB DNB bankas, legal entity code 112029270, and foreseeing and ensuring by the bank, that these funds will be used exclusively for paying persons that will accept the Tender Offer.

16. Compensation offered for all losses of right holders arising from the satisfaction of the requirements of paragraphs 1 – 5 of Article 36 of the Law on Securities (compensation establishment method, manner of payment):

Not applicable.

17. Circumstances which do not directly depend on the Offeror but which cause the Tender Offer to take place:

The Tender Offer will be considered as having taken place no matter whether or not there are any holders of shares accepting the offer.

18. The Offeror's plans and intentions with regard to the Offeree Company if the Tender Offer is implemented:

18.1. continuity of the Offeree Company's business lines:

The Offeror has no intention of changing business lines of the Company and has not taken any decisions on this issue. Thus, it is intended to continue the Company's current activities.

18.2. restructuring (change of the management structure), transformation, reorganisation or liquidation:

The Offeror has not taken any decisions on restructuring, transformation, reorganisation and/or liquidation of the Company. Following conversion of the Company into a European public limited liability company (*Societas Europaea*, SE) on 27 October 2015, new processes, related to restructuring, transformation and/or liquidation of the Company are not foreseen.

18.3. personnel policy:

The Offeror has not taken any decisions on change of the personnel policy of the Company.

18.4. policy with regard to management staff:

The Offeror has not taken any decisions on change of the policy with regard to management staff of the Company.

18.5. fundraising policy:

The Offeror has not taken any decisions on change of the existing fundraising policy of the Company.

18.6. dividend policy:

The Offeror has not taken any decisions on change of the dividend policy of the Company.

18.7. planned amendments to the Statutes of the Offeree Company:

The Offeror has not taken any decisions on amending the Statutes of the Offeree Company.

18.8. special bonuses, incentive schemes, etc. for the managers of the Offeree Company:

No special bonuses are going to be paid to the managers of the Company; the incentive schemes are not going to be changed as a result of the outcome of this Tender Offer.

19. A written agreement providing for the rights and mutual obligations of persons acting in concert, as well as their liability for default on obligations in compliance with the Rules for Preparation, Approval of the Tender Offer Circular and Implementation of the Tender Offer:

Such agreement was not concluded. Taking into consideration that during the Meeting only the Offeror voted for the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius, it submits this Tender Offer, during which, following paragraph 3 of Article 38 of the Law on Securities, the right to sell their shares, held as at 6 November 2015 to the Offeror will be vested in the persons, being shareholders of the Company on 6 November 2015, who voted "against" or who did not vote at the time of taking the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius.

20. Written agreements with other persons concerning voting at the general meeting of shareholders of the Offeree Company:

The Offeror has not concluded any written agreements with other persons regarding voting at the general meeting of shareholders of the Offeree Company.

21. The law that will govern the agreements concluded between the Offeror and owners of the securities issued by the Offeree Company receiving the Tender Offer in relation to the Tender Offer, as well as competent courts:

Agreements entered into by owners of the securities in relation to the Tender Offer will be governed by the law of the Republic of Lithuania and Lithuanian courts will be competent to settle any related disputes.

22. Data about the offeror (natural person):

22.1. whether or not the offeror (natural person) has been, in the course of the last five years, subject to administrative penalties for violations of legislative acts applicable to the securities market:

Not applicable.

22.2. whether or not the offeror (natural person) still has previous conviction for property crimes, business crimes, financial crimes:

Not applicable.

23. Information about pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offeror:

There are no pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offeror.

24. The media where the Offeror is going to publish information on the Tender Offer and its implementation:

The Offeror is going to publish information on the Tender Offer and its implementation in the Estonian daily "Eesti Päevaleht", also through the information systems of AB NASDAQ OMX Vilnius and of the Warsaw Stock Exchange.

25. Other data at the Offeror's discretion:

The Offeror hereby informs that no permit for concentration is needed for implementation of this Tender Offer, as disregarding the fact, how many holders of Company shares will accept this offer, the level of Company control will not change and the Offeror will maintain the sole control of the Company.

Data of the intermediary of public trading that will implement the Tender Offer is provided in item 4 hereof.

Following paragraph 3 of Article 38 of the Law on Securities, each person, who was the Company's shareholder on 6 November 2015 and who voted "against" or who did not vote at the time of taking the decision to delist the shares of the Company from trading on AB NASDAQ OMX Vilnius, and who intends to sell the shares, held on 6 November 2015 during the effective term of the Tender Offer and on the conditions hereof, has to apply to its financial broker or the manager of the securities account, in which the Company's shares, held by such person are accounted, and to provide the respective order following its procedure to execute the share sale transaction under the terms of this Tender Offer.

26. Confirmation of the persons who prepared the Tender Offer circular and are responsible for the correctness of information in the circular, that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the Tender Offer has been omitted:

A representative of the Offeror's consultants that prepared the circular – law firm TARK GRUNTE SUTKIENE – signs in confirmation that they duly, following the requirements of legal acts, disclosed information referring to the material presented by the Offeror, on the basis of which the Tender Offer is submitted.

Attorney-at-law Vidmantas Drizga _____

The Offeror signs in confirmation that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the Tender Offer has been omitted.

Julius Dovidonis, general manager of the Offeror:

First name, last name _____

Signature _____

LIETUVOS RESPUBLIKA UAB "ICOR" VILNIUS