

FOR: FIRSTSERVICE CORPORATION

COMPANY CONTACT:

Jay S. Hennick
President & Chief Executive Officer
FirstService Corporation
(416) 960-9500

Steven Rogers
President & Chief Executive Officer
The Franchise Company
(416) 620-4700

Anthony Vidergauz
President & Chief Executive Officer
California Closets
(415) 256-8500

PRESS CONTACT:

Jeffrey Elliott
Jeffrey Elliott Communications
(416) 250-1078

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Nasdaq: FSRV

FIRSTSERVICE TO ACQUIRE CALIFORNIA CLOSETS

TORONTO, Ontario (October 21, 1998) -- FirstService Corporation of Toronto today announced that its franchise division, The Franchise Company, has entered into an agreement to acquire a controlling interest in California Closet Company, Inc. the world's largest franchisor of installed closet and home storage systems, from California Closets' President, Anthony Vidergauz and shareholder Bill LeVine. The transaction is subject to completion of final due diligence. Mr. Vidergauz will retain a significant equity interest in the company and will remain President and Chief Executive Officer.

California Closets founded the custom closet industry in 1978. Headquartered in San Rafael, California, the Company operates more than 114 franchises in the United States and Canada as well as master franchisees in Australia, Brazil, Malaysia, New Zealand, Saudi Arabia, Singapore and Spain. During 1997, California Closets' franchises have provided customized home-storage solutions including custom-designed bedroom closets and storage systems for home office, pantry and other utility areas, to more

than 50,000 customers in the United States and Canada - and the Company was named one of Success Magazine's Top 100 U.S. Franchisors for the second year in a row.

The purchase price was not disclosed. For the year ended December 31, 1997, the Company generated corporate revenues of US \$14.7 million and system-wide revenues of approximately US \$80.0 million.

"The acquisition of California Closets provides us with another well-managed and growth-oriented service-based franchise system -- one that established the custom closet industry and remains its leader," said Steven Rogers, Chief Executive Officer of The Franchise Company. "The key to their success is the Company's strong relationships with its franchise owners which includes the active involvement of its franchisees in marketing strategies, product development and training," he concluded.

"We are excited about our new partnership with FirstService and The Franchise Company," said Anthony Vidergauz. "From the outset, our organizations shared the same operating philosophies and commitment to serving franchisees. By combining management talent, franchise and service expertise with the financial resources of FirstService, we will be able to share best practices, introduce new products and services to our franchisees and pursue opportunities to grow through strategic acquisition when opportunities present themselves," he concluded.

"The well-established California Closets brand name has come to represent excellence in quality and customer service in the installed closet and home storage industry and we are pleased to add its experienced management team, led by Anthony Vidergauz to our franchise group," said Jay Hennick, FirstService President and Chief Executive Officer. "Including California Closets, The Franchise Company now owns eight service-based franchise systems, operates more than 1,700 franchises around the world and generates total system-wide revenues of approximately \$550 million."

FirstService Corporation is a leader in the rapidly growing service sector, providing a variety of specialized Property and Business Services to corporate, government and residential customers throughout North America including community association management, security, lawn care, franchising, business outsourcing and specialized trade material fulfillment.

Certain statements included in this release constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, impact demand for the Company's services, service industry conditions and capacity; the ability of the Company to implement its business strategy, including the Company's ability to acquire suitable acquisition candidates on acceptable terms and successfully integrate newly acquired businesses with its existing businesses; changes in or the failure to comply with government regulations (especially safety and environmental laws and regulations); and other factors which are described in the Company's filings with the Securities and Exchange Commission.