

Board of Directors
MI Developments Inc.
455 Magna Drive
Aurora, Ontario
Canada L4G 7K1

Dear Sirs:

Farallon Capital Management, L.L.C. is extremely concerned about MID's [October 15, 2008](#) press release announcing further financial support of MEC. We understand that MID has agreed to: (i) extend the maturity date of its 2007 bridge loan to MEC from [October 17, 2008](#) to [December 1, 2008](#); (ii) increase the bridge loan commitment from \$110 million to \$125 million and make available a further \$4.5 million in redraws of previously repaid borrowings; and (iii) extend MEC's deadline for repaying \$100 million of MID's Gulfstream Park project finance loan from [October 31, 2008](#) to [December 1, 2008](#) (together, the "*Loan Extension*").

We believe MID's Board of Directors (the "*Board*") has flagrantly breached its fiduciary duties to shareholders by approving the Loan Extension. From Farallon's vantage point, there is simply no economic justification for letting MEC delay repayment of amounts it owes MID, much less for providing additional funding to MEC. MEC has been, is, and will remain a financial sinkhole. Continuing to finance it offers no conceivable benefit to MID's shareholders.

There is no possible justification for the Board to approve loans to a near bankrupt horseracing concern, especially one that is hopelessly entangled with irrational, non-economic, and conflicted parties and has a track record of massive value destruction. If the Board is seeking a use for MID's excess cash, it should look no further than buying back MID's stock, which is trading at a tremendous discount to true value. Our conclusion: the Board is pursuing a value-destroying investment instead of a relatively safe and accretive investment because the Board is ignoring common shareholders' interests and is only interested in pleasing Frank Stronach, even if his desires conflict with the best interests of MID's shareholders.

The Board would have shareholders believe the Loan Extension is a temporary commitment that--while perhaps unpalatable--is necessary to permit MID and MEC to "*complete their exploration*" of strategic alternatives. This is not credible. The Board has consistently and dismally failed to find a viable resolution for the MID-MEC relationship. In 2005, the Board announced a reform plan described as devoted to that purpose. It was never implemented. Last summer, MID's then-CEO attempted to achieve shareholder consensus on a reorganization plan. He appears to have been fired. In August, the Board retained GMP Securities, ostensibly to advise management and to liaise with shareholders on potential strategic alternatives. Apart from one meeting with GMP in late August, we have heard nothing substantive from MID's advisers, the Board or management. On the other hand, the absence of a tenable reorganization plan has not stopped MID, with the Board's blessing, from pouring hundreds of millions of dollars into MEC over the last few years. It is simply not believable that the Board needed to approve the Loan Extension in order to concentrate without distraction on developing a restructuring plan.

Farallon also wishes to go on record as to an ill-conceived transaction that the Board may be considering: MID buying MEC. We are suspect of any rationalization that might be proffered to the effect that buying MEC and selling off its assets would offer a more cost-effective route to realizing value on MEC than would a bankruptcy proceeding or other court-supervised process. Farallon is tired of supporting a poorly run and near bankrupt enterprise. We would have no basis to trust the Board to follow through on post-acquisition asset sales. Frank Stronach has announced asset sale plans at MEC in the past and has not implemented them in any meaningful way (other than to offload MEC's unimproved land to MID at above-market prices). Rather, we have every reason to fear that MID would hold onto MEC's assets, thereby compounding MID's already horrific entanglement with a business that has, under Mr. Stronach's interim management, lost 95% of its equity value and attracted a going-concern qualification from its auditors.

We believe the Board's duties require it to end MID's support of MEC and focus urgently with management on developing a coherent and fair reorganization plan. You must tell Mr. Stronach that his time for self-serving maneuvers is over. It is time for you to meet your fiduciary duties as directors. If you do not, Farallon will consider all legal tools available to it as a shareholder.

Sincerely,

Farallon Capital Management, L.L.C.

By: /s/ *Richard Fried*
Richard Fried, Managing Member