

October 17, 2008

Special Committee of the Board of Directors
MI Developments, Inc.
455 Magna Drive
Aurora, ON L4G 7A9

Gentlemen:

We were surprised to see the October 15, 2008 press release announcing that MI Developments has extended the maturity date of Magna Entertainment Corp.'s senior bank facility and bridge loan facility and also increased the maximum commitment under the bridge loan by another \$15 million. As you know, my representatives and I have sought for some time now to engage you in discussions regarding our proposal to reduce MI Developments' extensive risk in its investments in Magna Entertainment through a purchase of that bridge facility at par. Despite our efforts to engage in constructive discussions and due diligence that would enable completion of a transaction, we have been continually ignored by the Special Committee—which instead chose to increase the exposure of MI Developments and its stakeholders to this inherently conflicted commitment to Magna Entertainment. Having not been able to move forward with you directly, in light of the importance of our proposal to the many stakeholders of MI Developments, and out of concern the directors may again act precipitously concerning Magna Entertainment, we have determined to make our proposal public.

As indicated in earlier letters, our proposal is to acquire the existing intercompany loans made by MI Developments and certain of its affiliates to Magna Entertainment and certain of its affiliates. We understand that the intercompany loans are comprised of (i) the Gulfstream Park project financings, (ii) the Remington Park project financing and (iii) the bridge loan facility. As expressed in our earlier letters, we would like to begin due diligence immediately in order to confirm certain understandings about Magna Entertainment and the loans. Subject to those confirmations, we would expect to acquire MI Developments' interest in the bridge loan for the full amount due under the bridge loan. The pricing for the remaining intercompany loans would be negotiated following completion of diligence. As expressed in our earlier letters, the purchase of the intercompany loans would not be subject to any condition for third-party financing.

We fail to see how your inaction in response to our inquires either satisfies your fiduciary obligations or is in the best interests of MI Developments' various stakeholders. Clearly our proposal provides full recovery for MI Developments on the bridge loan and eliminates any future need for MI Developments to fund the operations of Magna Entertainment, both of which we expect will otherwise be extremely difficult to achieve given today's challenging economic environment and financing market. Despite this, you have not given us an opportunity to conduct even preliminary due diligence so we can obtain the information needed to refine or improve the terms of our offer, and have refused to engage in any meaningful dialogue. Instead, at no apparent benefit to MI Developments, you extended the bridge loan and increased the maximum commitment from \$110 million to \$125 million during the worst credit crunch in decades when liquidity is at a premium.

As independent directors on the Special Committee, we remind you that your duties are exclusively to the unconflicted stakeholders of MI Developments, who have previously expressed their disinterest in having exposure to a business portfolio so different from MI Developments' core real estate business. We doubt MI Developments' stakeholders share Frank Stronach's interests in horseracing and would prefer not to incur the balance sheet risk of continually extending loans to a faltering business. We urge you to engage immediately with us to both reduce the company's exposure to Magna Entertainment's deteriorating businesses and your own exposure to shareholder claims for these ill motivated investment decisions.

As you may know, I have a deep personal interest in the horse racing industry and a long history of creating profitable business ventures. I founded CNET, one of the Internet's first companies to achieve profitability and a NASDAQ 100 designation, and also developed two other CNET spin-off ventures which became successful, publicly-traded entities. CNET was sold to CBS on June 30, 2008. I was also the founding and largest investor in salesforce.com, one of the most successful technology companies over the past eight years.

We are prepared to meet with you and your representatives at your earliest convenience to begin discussions regarding our proposal. As is typical, we need to conduct confirmatory due diligence and our offer is non-binding and subject to satisfactory completion of diligence and definitive agreements. However, we will commit the resources needed to complete diligence and enter into a definitive agreement expeditiously. To that end we have retained Macquarie Capital (USA), Inc. and Latham & Watkins LLP to assist in this transaction.

I look forward to hearing from you soon.

Very truly yours,

Halsey Minor

cc: Michael Bruder, Macquarie Capital (USA), Inc.
David Heller, Latham & Watkins LLP
Robert A. Klyman, Latham & Watkins LLP