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PRESS RELEASE

MI DEVELOPMENTS ANNOUNCES MEC RECAPITALIZATION PLAN, MEC BRIDGE LOAN AND AMENDMENTS TO EXISTING MEC PROJECT FINANCING FACILITIES

July 22, 2005, Aurora, Ontario, Canada – MI Developments Inc. (TSX: MIM.SV.A, MIM.MV.B; NYSE: MIM) ("MID") today announced that, in connection with a recapitalization plan announced today by Magna Entertainment Corp. ("MEC") (**TSX: MEC.SV.A; NASDAQ: MECA**), MID has agreed to provide a 13-month bridge loan to MEC of up to US\$100 million. US\$50 million of the bridge loan is available for immediate drawdown by MEC, and the remaining US\$50 million can become available in equal tranches of US\$25 million on October 17, 2005 and January 16, 2006, subject to the satisfaction of certain conditions described below that are tied to the implementation of MEC's recapitalization plan.

MID also announced that it has agreed to amend the existing project financing facilities provided to subsidiaries of MEC for construction at MEC's racetracks at Gulfstream Park in Florida and The Meadows in Pennsylvania by (i) terminating the facility for construction of a racing and alternative gaming facility at The Meadows in the principal amount of US\$77 million (plus costs and capitalized interest) and replacing it with a facility in the principal amount of up to US\$34.2 million (plus costs and capitalized interest) for capital expenditures related to the alternative gaming facility being built at Remington Park racetrack in Oklahoma (no advances have been made under The Meadows facility) and (ii) accelerating the time when MID will begin receiving principal and interest payments on amounts advanced under the project financings to January 1, 2007 (rather than January 1, 2008 under the prior arrangements).

MEC Recapitalization Plan

The MEC recapitalization plan, which was developed with input from management of MID, is intended to recapitalize MEC's balance sheet over the next 12 months through the sale of certain non-strategic real estate, racetracks and other assets to generate proceeds of approximately US\$150 million, with proceeds realized from those asset sales being applied to reduce debt (including amounts owed to MID under the bridge loan). MEC's recently announced proposed sale of the racetrack at Flamboro Downs is the first of such asset dispositions. The recapitalization plan also contemplates a possible partnership to pursue alternative gaming opportunities at MEC racetracks, and the possible raising of equity in 2006. The proceeds of such an equity offering would be used by MEC to further reduce debt and for general corporate purposes.

“MID shareholders should be encouraged by MEC’s commitment to strengthen its balance sheet through the recapitalization plan”, said John Simonetti, Chief Executive Officer of MID. “MEC is a company with great potential, and by committing to sell assets and reduce its debt burden, MEC has begun to establish a more stable capital structure that should allow it to execute its strategic plan.”

MEC Bridge Loan

The bridge loan of up to US\$100 million will be made available through a non-revolving facility provided to MEC by a wholly-owned subsidiary of MID. The bridge loan contemplates three tranches of funding. The first tranche of US\$50 million will be available at closing, which is expected to occur shortly. The second tranche of US\$25 million can become available on or after October 17, 2005, and the third tranche of US\$25 million can become available on or after January 16, 2006, subject to certain conditions, including, among other things, MEC establishing to MID’s satisfaction that MEC has achieved certain milestones under its recapitalization plan. The bridge loan proceeds may only be used by MEC in accordance with the recapitalization plan.

Mr. Simonetti commented that, “While we are pleased to see MEC setting milestones that should move it towards financial independence, this will take time. In the short-term, we are providing MEC with the bridge loan to address immediate liquidity issues and enable MEC to execute its recapitalization plan. The bridge financing will not limit our options with respect to our core real estate business or our investment in MEC, and in this respect we are continuing to evaluate our relationship with MEC in light of MEC’s current situation and prospects and in light of comments received from our shareholders in connection with the Greenlight Capital proposals that were voted on at our annual and special meeting of shareholders held on May 4, 2005.”

The MEC bridge loan has a term of 13 months and bears interest, at MEC’s option, at either (i) a floating rate equal to the US base rate plus 5.5% per annum (with interest paid monthly) or (ii) a fixed rate equal to LIBOR plus 6.5% per annum (with interest paid at the relevant contract maturity), in each case subject to a minimum rate of 9%. MID will receive an arrangement fee of US\$1 million at closing and an additional US\$500,000 is payable on each date (if any) on which the applicable conditions are satisfied and any or all of the second or third tranche becomes available to MEC. In addition, MID will receive an annual commitment fee equal to 1% of the undrawn facility. The interest rates and fees reflect MID’s assessment (with the benefit of advice from its financial advisors) of the credit risk associated with MEC, taking into consideration, among other things, MEC’s revised business plan pursuant to its recapitalization plan and the security package for the bridge loan. The bridge loan must be repaid with, and the commitment will be reduced by, amounts equal to all net proceeds raised by MEC from asset sales and equity or debt issuances, subject to amounts required to be paid to MEC’s existing lenders.

It is a condition of the closing of the bridge loan that MEC’s senior secured revolving bank credit facility in the amount of US\$50 million be amended so that the facility expires no earlier than 12 months after the closing.

The bridge loan will be secured by certain assets of MEC and guaranteed by certain subsidiaries of MEC. The guarantees will be secured by first ranking security over the lands owned by The Meadows (ahead of the Gulfstream project financing facility), second ranking security over the lands owned by Golden Gate Fields (behind an existing third party lender) and third ranking security over the lands owned by Santa Anita Park (behind existing third party lenders). In addition, MEC will pledge the shares and licences of the guarantor subsidiaries and other subsidiaries (or provide negative pledges where a pledge is not available due to regulatory constraints or due to a pledge to an existing third party lender). The guarantee of the bridge loan by the MEC subsidiaries operating The Meadows is subject to regulatory approval. The security over The Meadows may be subordinated to new third party financings of up to US\$200 million for the construction of a racing and alternative gaming facility at The Meadows.

Amendments to Project Financing Facilities

The US\$34.2 million Remington project financing that will replace the previously announced US\$77 million facility for The Meadows will be made available by a wholly-owned subsidiary of MID to the wholly-owned subsidiary of MEC that operates Remington. Advances under the facility will be made available by way of progress draw advances to fund the capital expenditures relating to the development, design and construction of the alternative gaming facility at Remington (including the purchase and installation of gaming devices).

The terms of the Remington project financing facility take into account that it is part of the package of project financings provided to MEC by MID that includes the financing for the construction of facilities at Gulfstream. As a result, similar to the project financing facility for Gulfstream, it has a term of 10 years from the completion date of the alternative gaming facility at Remington, which is anticipated to occur by November 2005. Prior to the completion date, amounts outstanding under the facility will bear interest at a floating rate equal to 2.55% above MID's per annum notional cost of borrowing under its floating rate credit facility, compounded monthly. After the completion date, amounts outstanding under the facility will bear interest at a fixed rate of 10.5% per annum, compounded semi-annually, which rate reflects MID's assessment (with the benefit of advice from its financial advisors) of the credit risk associated with the borrower, taking into consideration, among other things, the anticipated cash flows from the Remington alternative gaming operations and the security package for the facility. Prior to January 1, 2007, interest will be capitalized. Commencing January 1, 2007, MID will receive monthly blended payments of principal and interest based on a 25-year amortization period commencing on such date. Following the completion of the alternative gaming facility, certain cash from the operations of the borrower must be used to pay capitalized interest on the Remington project financing facility plus a portion of the principal under the facility equal to the capitalized interest on the Gulfstream project financing facility.

The Remington and Gulfstream project financing facilities will contain cross-guarantee, cross-default and cross-collateralization provisions. The Remington project financing facility will be secured by all assets of the borrower, excluding licences and permits (which cannot be subject to security under applicable legislation), and will be guaranteed by the MEC subsidiaries that own Gulfstream and the Palm Meadows training facility and (until the alternative gaming facility is completed) by MEC. The security package includes second ranking security over the lands owned by Gulfstream and second ranking security over the Palm Meadows training facility and the shares of the owner of the Palm Meadows training center (in each case, behind the security granted for the Gulfstream project financing). In addition, the borrower has agreed not to pledge any licences or permits held by it and MEC has agreed not to pledge the shares of the borrower or the owner of Gulfstream. The Remington project financing facility and the Remington borrower's guarantee of the Gulfstream project financing are both subject to regulatory and other approvals. The closing of the Remington facility will be held in escrow pending regulatory approval.

Commenting on the Remington project financing, Mr. Simonetti said, "Since the time of our spin-off, we viewed MEC as providing MID with opportunities to supplement our core business with Magna International by allowing us to participate in other commercial real estate developments. The project financings for Remington and Gulfstream represent examples of these opportunities for MID's real estate business to earn an attractive return on its investment, coupled with an appropriate security and covenant package. We have decided to substitute the project financing for The Meadows with Remington because the timetable for alternative gaming at Remington is more certain. Among other benefits, this will allow MID to begin receiving payments sooner."

MID Special Committee

The MEC bridge loan, the Remington project financing and the amendments to the Gulfstream project financing are being provided to MEC on arm's length terms and were approved by the MID Board based on a recommendation from a Special Committee of independent directors of MID comprised of Messrs. Douglas Young, who acted as Chairman, Philip Fricke and Manfred Jakszus. The Special Committee engaged CIBC World Markets Inc. as independent financial advisors and Goodmans LLP as independent legal advisors. TD Securities Inc. acted as financial advisors, and Davies Ward Phillips & Vineberg LLP acted as legal advisors, to MID.

MID will file a material change report immediately upon filing of this press release. The material change report will be filed less than 21 days before the date of the closing of the MEC bridge loan, the Remington project financing and the amendments to the Gulfstream project financing, which, in MID's view, is both reasonable and necessary in the circumstances as the terms of the bridge loan, the project financing and the amendments were settled, and approved by MID's Board of Directors, on July 21, 2005, and MEC requires immediate funding to address its short-term liquidity concerns.

About MID

MID is a real estate operating company engaged in the ownership, development, management, leasing and acquisition of industrial and commercial real estate properties located in North America and Europe. Virtually all of our income-producing properties are currently under lease to Magna International Inc. and its subsidiaries. MID also holds a controlling investment in MEC, North America's number one owner and operator of horse racetracks, based on revenues, and one of the world's leading suppliers, via simulcasting, of live racing content to the growing inter-track, off-track and account wagering markets.

For further information about this press release, please contact Doug Tatters at 905-726-7507.

Forward-Looking Statements

The contents of this press release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may include, among others, statements regarding MID's future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this press release we use words such as "will", "expect", "should" and similar words to identify forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or the times at or by which such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond MID's control, that could cause actual results to differ materially from such forward-looking statements. Such risks, uncertainties and other factors are set forth under "Risk Factors" in MID's Annual Information Form for 2004, attached as Exhibit 1 to MID's Annual Report on Form 40-F for the year ended December 31, 2004. MID expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements to reflect subsequent information, events or circumstances or otherwise.