



MI DEVELOPMENTS ANNOUNCES 2006 THIRD QUARTER RESULTS

November 9, 2006, Aurora, Ontario, Canada — MI Developments Inc. (TSX: MIM.A, MIM.B; NYSE: MIM) (“MID” or the “Company”) today announced its results for the three and nine months ended September 30, 2006. All figures are in U.S. dollars.

(in thousands, except per share figures)	REAL ESTATE BUSINESS ⁽¹⁾			
	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Revenues	\$ 47,874	\$ 38,151	\$ 138,191	\$ 110,852
Net income	\$ 23,868	\$ 18,722	\$ 75,207	\$ 57,432
Funds from operations (“FFO”) ^{(2), (3)}	\$ 34,962	\$ 31,961	\$ 104,224	\$ 84,831
Diluted FFO per share ^{(2), (3)}	\$ 0.72	\$ 0.66	\$ 2.16	\$ 1.76

(in thousands, except per share figures)	MID CONSOLIDATED ⁽¹⁾			
	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Revenues				
Real Estate Business	\$ 47,874	\$ 38,151	\$ 138,191	\$ 110,852
Magna Entertainment Corp. (“MEC”) ⁽⁴⁾	116,581	83,005	582,281	497,663
Eliminations	(8,292)	(1,992)	(22,216)	(3,208)
	\$ 156,163	\$ 119,164	\$ 698,256	\$ 605,307
Net income (loss)				
Real Estate Business	\$ 23,868	\$ 18,722	\$ 75,207	\$ 57,432
MEC – continuing operations	(28,465)	(25,683)	(42,249)	(39,552)
Eliminations	(748)	(1,934)	(1,103)	(5,576)
Income (loss) from continuing operations	(5,345)	(8,895)	31,855	12,304
MEC – discontinued operations ⁽⁵⁾	(1,465)	5,181	(501)	394
	\$ (6,810)	\$ (3,714)	\$ 31,354	\$ 12,698
Diluted earnings (loss) per share from continuing operations	\$ (0.11)	\$ (0.19)	\$ 0.66	\$ 0.25
Diluted earnings (loss) per share	\$ (0.14)	\$ (0.08)	\$ 0.65	\$ 0.26

(1) Transactions between the Real Estate Business and MEC have not been eliminated in the presentation of each segment's results of operations. However, the effects of transactions between these two segments are eliminated in the consolidated results of operations of the Company.

(2) The Real Estate Business' results for the three and nine months ended September 30, 2005 include a \$3.1 million current tax recovery (which is offset by an equal future tax expense) related to accelerated tax depreciation for which the Real Estate Business qualified with respect to certain properties acquired prior to January 1, 2005. Excluding the impact of this item, the Real Estate Business' FFO for the three and nine months ended September 30, 2005 was \$28.9 million (\$0.60 per share) and \$81.7 million (\$1.70 per share), respectively.

(3) FFO and diluted FFO per share are measures widely used by analysts and investors in evaluating the operating performance of real estate companies. However, FFO does not have a standardized meaning under Canadian generally accepted accounting principles (“GAAP”) and therefore may not be comparable to similar measures presented by other companies. Please refer to “Reconciliation of Non-GAAP to GAAP Financial Measures” below.

(4) Excludes revenues from MEC's discontinued operations.

(5) MEC's discontinued operations for the three and nine months ended September 30, 2006 and 2005 include the operations of a restaurant and related real estate in the United States, the sale of which was completed on May 26, 2006, and the operations of the Magna Golf Club, the sale of which was completed on August 25, 2006. In addition, discontinued operations for the three and nine months ended September 30, 2005 include the operations of Flamboro Downs, the sale of which was completed on October 19, 2005, and Maryland-Virginia Racing Circuit, Inc., the sale of which was completed on September 30, 2005.

REAL ESTATE BUSINESS

Litigation

On August 2, 2005, Greenlight Capital, Inc. and certain of its affiliates filed an oppression application in the Ontario Superior Court of Justice against the Company and certain of its current and former directors and officers (the "Litigation"). The Company viewed the oppression application as without merit and vigorously defended against it. The hearing of the application concluded on March 1, 2006 and the judge reserved his decision on the matter. On October 30, 2006, Justice J.D. Ground of the Ontario Superior Court of Justice rendered his judgment and dismissed the oppression application.

Operating and Development Highlights

In respect of our core rental portfolio of Magna International Inc. ("Magna") facilities, during the third quarter of 2006 we brought on-stream two expansion projects, representing an aggregate of 99 thousand square feet of leaseable area at a cost of \$9.0 million.

At September 30, 2006, the Real Estate Business had two properties under development for Magna: one in each of the United States and the Czech Republic. These developments are expansions to existing facilities and will add an aggregate of 59 thousand square feet to the Real Estate Business' income-producing portfolio. The total anticipated costs related to these projects are approximately \$6.0 million, of which \$5.0 million had been incurred as of September 30, 2006.

At September 30, 2006, the Real Estate Business had 27.2 million square feet of leaseable area, with annualized lease payments of \$158.2 million, representing a return of 10.6% on the gross carrying value of our income-producing portfolio.

During the third quarter of 2006, the Real Estate Business entered into a commitment to purchase an 83 thousand square foot building and 15.5 acres of land in the United States from a third party for approximately \$5.6 million, plus transaction costs. The closing of this acquisition is scheduled for the end of November 2006. On closing, the Real Estate Business will assume an existing lease with a subsidiary of Magna for the entire property. In addition, subsequent to the quarter-end, MID started two additional expansion projects for Magna. Once completed, these two projects will add an aggregate of 36 thousand square feet to MID's income-producing portfolio with an estimated cost of \$11.0 million.

"Our development work with Magna has slowed down considerably over the past year," said John Simonetti, Chief Executive Officer. "We anticipate that this trend is likely to continue as Magna deals with a challenging automotive industry environment. In addition, given that the Greenlight litigation has been decided in our favour, we hope this matter is truly behind us so that we can focus on strengthening our relationship with Magna."

Financial Results for the Three Months Ended September 30, 2006

For the three months ended September 30, 2006, revenues were \$47.9 million, an increase of 25% over revenues of \$38.2 million for the three months ended September 30, 2005. The higher revenues reflect ongoing initiatives, including \$1.5 million from completed Magna projects coming on-stream, \$0.7 million from contractual rent increases on our existing rental portfolio and \$6.3 million of higher interest and other income earned from the financing arrangements with MEC and certain of its subsidiaries (the "MEC Financing Arrangements"). Changes in foreign exchange rates increased revenues by \$1.5 million while the impact of straight-line and other adjustments reduced revenues by \$0.3 million.

FFO in the three months ended September 30, 2006 was \$35.0 million, representing an increase of \$3.0 million or 9% over FFO for the three months ended September 30, 2005. FFO in the three months ended September 30, 2005 includes a \$3.1 million current tax recovery (which is offset by an equal future tax expense) related to accelerated depreciation for which the Real Estate Business qualified with respect to certain properties acquired prior to January 1, 2005. Excluding this item, FFO for the three months ended September 30, 2006 represents a 21% increase over FFO for the three months ended September 30, 2005. This \$6.1 million improvement in FFO is due to a \$9.7 million increase in revenue, partially offset by increases in general and administrative expenses of \$2.3 million and net interest expense of \$1.3 million.

Net income for the third quarter of 2006 of \$23.9 million increased by 27% compared to net income of \$18.7 million for the third quarter of 2005. The increase resulted from the increase in revenues of \$9.7 million and a \$0.2 million gain on disposal of real estate, partially offset by increases of \$2.3 million in general and administrative expenses, \$0.8 million in depreciation, \$1.3 million in net interest expense and \$0.3 million in income tax expense.

General and administrative expenses for the third quarter of 2006 include \$2.4 million of advisory and other costs incurred in connection with the Company's evaluation of certain transactions that, ultimately, were not undertaken. General and administrative expenses for the third quarter of 2005 include \$0.8 million of costs incurred in association with the Litigation following MID's review of, and subsequent recommendation by its Board of Directors to vote against, two proposals brought forth by Greenlight Capital, Inc. (the "Shareholder's Proposals"). Excluding these items, general and administrative expenses increased by \$0.8 million compared to the third quarter of 2005, primarily due to increased professional fees related to Sarbanes-Oxley compliance and the strengthening of the Canadian dollar against the U.S. dollar in the third quarter of 2006 compared to the third quarter of 2005.

Our outstanding debentures are denominated in Canadian dollars and the increase in net interest expense is due to the strengthening of the Canadian dollar against the U.S. dollar, as well as reduced interest income and lower capitalized interest. Interest income decreased to \$0.7 million in the third quarter of 2006 compared to \$1.7 million in the third quarter of 2005, due to a reduction in cash available for short-term investment, partially offset by a rise in interest rates. Capitalized interest decreased to \$0.1 million in the third quarter of 2006 compared to \$0.3 million in the third quarter of 2005.

Financial Results for the Nine Months Ended September 30, 2006

For the nine months ended September 30, 2006, revenues were \$138.2 million, an increase of 25% over revenues of \$110.8 million in the nine months ended September 30, 2005. The higher revenues reflect ongoing initiatives, including \$4.4 million from completed Magna projects coming on-stream, \$1.8 million from contractual rent increases on our existing rental portfolio and \$19.0 million of higher interest and other income earned from the MEC Financing Arrangements. Changes in foreign exchange rates increased revenues by \$2.0 million and the impact of straight-line and other adjustments increased revenues by \$0.2 million.

Excluding the \$3.1 million current tax recovery in the third quarter of 2005 related to accelerated tax depreciation discussed previously, FFO in the nine months ended September 30, 2006 of \$104.2 million represents a 27% increase over FFO of \$81.8 million for the nine months ended September 30, 2005. This improvement in FFO is primarily due to a \$27.3 million increase in revenue, partially offset by increases in net interest expense of \$3.3 million and current income tax expense of \$1.6 million.

Net income for the nine months ended September 30, 2006 was \$75.2 million, an increase of \$17.8 million or 31% over net income of \$57.4 million for the same period in the prior year. The change over the prior year was a result of increased revenues of \$27.3 million, a decrease in general and administrative expenses of \$0.1 million, dilution and other gains of \$1.9 million and a \$2.4 million reduction in income tax expense, partially offset by increases in depreciation and amortization of \$1.4 million and net interest expense of \$3.3 million and a \$9.2 million lower gain on disposal of real estate.

General and administrative expenses decreased by \$0.1 million from \$15.2 million for the nine months ended September 30, 2005 to \$15.1 million for the nine months ended September 30, 2006. General and administrative expenses for the first nine months of 2005 include \$3.5 million of costs incurred in association with the Shareholder's Proposals and the Litigation. General and administrative expenses for the nine months ended September 30, 2006 include (i) \$2.4 million of advisory and other costs incurred in connection with the Company's evaluation of certain transactions that, ultimately, were not undertaken, and (ii) \$0.7 million of costs incurred in association with the Company's defence against the Litigation, which were offset by a \$1.3 million recovery of costs associated with the Litigation under the Company's insurance policy. Excluding these items, general and administrative expenses increased by \$1.7 million to \$13.4 million in the nine months ended September 30, 2006 compared to \$11.7 million in the prior year. The increase was primarily due to \$0.6 million of repairs and maintenance costs incurred on an income-producing property, increased professional fees related to Sarbanes-Oxley compliance and the 8% increase in the average exchange rate of the Canadian dollar against the U.S. dollar during the nine months ended September 30, 2006 compared to the same period in the prior year.

The increase in net interest expense is due to the strengthening of the Canadian dollar against the U.S. dollar, resulting in higher reported interest expense on the Company's outstanding debentures, as well as reduced interest income and lower capitalized interest. Interest income decreased to \$2.5 million for the nine months ended September 30, 2006 compared to \$4.6 million for the nine months ended September 30, 2005, due to a reduction in cash available for short-term investment, partially offset by a rise in interest rates. Capitalized interest decreased to \$0.5 million for the nine months ended September 30, 2006 compared to \$0.9 million for the nine months ended September 30, 2005.

During the nine months ended September 30, 2006, the Real Estate Business recognized \$1.9 million of currency translation gains related to the translation of the Real Estate Business' foreign operations. This gain, which was previously included in the currency translation adjustment component of equity, resulted from the weakening of the U.S. dollar and was recognized in the determination of net income as a result of the Real Estate Business repatriating funds from certain of its foreign operations.

MAGNA ENTERTAINMENT CORP.

At September 30, 2006, the market value of MID's shareholding in MEC was \$294.7 million, based on the Nasdaq closing price of \$4.69 per share for MEC Class A Subordinate Voting Stock (NASDAQ: MECA) on that date.

On July 26, 2006, MID announced that it had agreed to amend the existing project financing facility provided in December 2004 to the subsidiary of MEC that operates the Gulfstream Park racetrack in Florida by adding a new tranche of up to \$25.8 million (plus costs and capitalized interest) to fund the design and construction of a slot machine facility to be located in the existing Gulfstream clubhouse building, as well as related capital expenditures and start-up costs, including the acquisition and installation of the initial batch of slot machines. In addition, MID announced that it had agreed to extend the maturity date of the bridge loan to MEC (the "MEC Bridge Loan") from August 31, 2006 to December 5, 2006, in anticipation of the final closing of MEC's sale of The Meadows racetrack in Pennsylvania on the terms announced by MEC on July 26, 2006.

On September 29, 2006, MID announced that it had agreed to make available to MEC \$19.0 million of increased funding under the MEC Bridge Loan. The funds will be used by MEC solely to fund (i) operations and financing activities (including mandatory interest and principal repayments on debt), (ii) maintenance capital expenditures (including amounts required for compliance with environmental or health and safety laws and amounts required by any administrative or governmental authority) and (iii) capital expenditures required pursuant to the terms of certain of MEC's joint venture arrangements. MEC is required to use the proceeds from the sale of The Meadows to fully repay the MEC Bridge Loan, including the increased \$19.0 million of available funding. As part of the increased financing, the MEC Bridge Loan was further amended to provide that in the event that MEC did not complete its sale of The Meadows as scheduled, the interest rate for all amounts under the MEC Bridge Loan would be increased by 2.5% per annum.

MEC now anticipates that the closing of The Meadows sale will occur on or about November 14, 2006. Accordingly, as a result of MEC failing to meet certain deadlines specified in the MEC Bridge Loan, (a) the interest rate for all amounts under the MEC Bridge Loan was increased by 2.5% per annum effective November 7, 2006 and (b) MEC became obligated to pay to MID, promptly following closing of the sale of The Meadows, a fee of \$0.5 million if (i) MEC or any of its subsidiaries receives any interest payments on the notes issued in connection with the sale of The Meadows as a result of the delay in the closing of such sale or (ii) the sale of The Meadows does not close on or before November 17, 2006 (which date was extended by MID from November 3, 2006).

"Once The Meadows transaction closes, non-core asset sales will have enabled MEC to retire over \$250.0 million of debt," said Mr. Simonetti. "However, MEC still has significant work to do in order to bring its debt and interest expense down to acceptable levels. Given our significant equity investment in MEC, we continue to evaluate whether, and to what extent, MID should participate in MEC's ongoing recapitalization efforts. And in this respect, I believe that no alternative should be ruled out."

Financial Results for the Three and Nine Months Ended September 30, 2006

MEC's racetracks operate for prescribed periods each year. As a result, racing revenues and operating results for any quarter will not be indicative of MEC's revenues and operating results for the year. MEC's results have been restated to distinguish between results from continuing operations and results from discontinued operations. Discontinued operations in the three and nine months ended September 30, 2006 and 2005 include the operations of a restaurant and related real estate in the United States, the sale of which was completed on May 26, 2006, and the operations of the Magna Golf Club, the sale of which was completed on August 25, 2006. In addition, discontinued operations for the three and nine months ended September 30, 2005 include the operations of Flamboro Downs, the sale of which was completed on October 19, 2005, and Maryland-Virginia Racing Circuit, Inc., the sale of which was completed on September 30, 2005.

MEC's revenues for the three and nine months ended September 30, 2006 increased 40% to \$116.6 million and 17% to \$582.3 million, respectively, from the prior year comparable periods. The increase in revenues in the third quarter of 2006 is primarily due to gaming revenues at the Remington Park casino facility which opened in November 2005, increased revenues at MEC's California operations due to a change in the racing calendar at Golden Gate Fields resulting in 29 additional live race days in the third quarter of 2006, MEC's acquisition of the remaining 70% equity interest of AmTote International, Inc. on July 26, 2006 (the "AmTote Acquisition"), an increase in food and beverage revenues at MEC's Maryland operations as a result of the acquisition of Maryland Turf Caterers in September 2005, and increased wagering revenues at MagnaBet™. The increase in revenues in the nine months ended September 30, 2006 is primarily due to the same factors noted above for the three months ended September 30, 2006, as well as increased attendance, handle and wagering at Santa Anita Park as a result of better weather and more effective marketing efforts, and increased wagering revenues at Laurel Park as a result of additional live race days and increased average field size. MEC's Florida operations also experienced increased revenues due to the opening of the new clubhouse facility at Gulfstream Park.

Earnings before interest, taxes, depreciation and amortization from MEC's continuing operations excluding dilution and other gains and the minority interest impact ("EBITDA") was a loss of \$21.0 million for the third quarter in 2006 compared to a loss of \$26.2 million in the prior year. EBITDA was \$9.0 million in the nine months ended September 30, 2006 compared to a loss of \$13.0 million in the prior year. The improvement in EBITDA for the three months ended September 30, 2006 is primarily due to \$33.6 million of increased revenues, partially offset by \$13.2 million of increased purses, awards and other expenses and \$15.1 million of increased operating costs and general and administrative expenses. The increase in operating costs and general and administrative expenses is primarily due to increased operating and marketing costs at Remington Park for the new casino facility, increased costs resulting from the AmTote Acquisition, increased costs in MEC's California operations resulting from the change in the racing calendar at Golden Gate Fields and an increase in costs in MEC's Maryland operations as a result of the acquisition of Maryland Turf Caterers in September 2005. The improvement in EBITDA for the nine months ended September 30, 2006 is primarily due to \$84.6 million of increased revenues and \$2.9 million of gains on the disposal of real estate in the first quarter of 2006, partially offset by \$40.7 million of increased purses, awards and other expenses and \$24.9 million of increased operating costs and general and administrative expenses. The increase in operating costs and general and administrative expenses is primarily due to the same factors mentioned above for the third quarter of 2006 and a decline in pre-development costs due to the timing of such activities, partially offset by increased corporate costs relating to severance, professional fees and bank charges and adjustments recorded at XpressBet® in the second quarter of 2006 related to asset write-offs and increased accruals.

MEC incurred a net loss for the three and nine months ended September 30, 2006 of \$29.9 million and \$42.8 million, respectively, compared to a net loss of \$20.5 million and \$39.2 million, respectively, in the prior year. Excluding the \$1.5 million loss and \$5.2 million of income from discontinued operations in the three months ended September 30, 2006 and 2005, respectively, the \$2.8 million increase in net loss in the third quarter of 2006 is primarily due to increased depreciation expense primarily as a result of the opening of the new clubhouse facility at Gulfstream Park in the first quarter of 2006 and the opening of the Remington Park casino facility in November 2005 and increased interest expense on the MEC Financing Arrangements, partially offset by the improvement in EBITDA noted above and an increased minority interest recovery due to the increase in MEC's net loss before dilution and other gains and the minority interest impact. Excluding the \$0.5 million loss and \$0.4 million of income from discontinued operations in the nine months ended September 30, 2006 and 2005, respectively, the \$2.7 million increase in net loss in the nine months ended September 30, 2006 is primarily due to the factors mentioned above for the third quarter of 2006.

DIVIDENDS

MID's Board of Directors has declared a dividend of \$0.15 per share on MID's Class A Subordinate Voting Shares and Class B Shares for the third quarter ended September 30, 2006. The dividend is payable on or after December 15, 2006 to shareholders of record at the close of business on November 30, 2006.

CONFERENCE CALL

A conference call will be held for interested analysts and shareholders to discuss the third quarter results on November 9, 2006 at 10:30 am EST. The number to use for this call is 1-866-249-1964. The number for overseas callers is 416-915-5762. Please call 10 minutes prior to the start of the conference call. MID will also webcast the conference call at www.middevelopments.com. The conference call will be chaired by John D. Simonetti, Chief Executive Officer.

For anyone unable to listen to the scheduled call, the rebroadcast numbers will be: North America – 1-877-289-8525 and Overseas – 416-640-1917 (reservation number is 21206913 followed by the number sign) and the rebroadcast will be available until November 16, 2006.

ABOUT MID

MID is a real estate operating company engaged in the ownership, management, leasing, development and acquisition of industrial and commercial real estate properties. Virtually all of its income-producing properties are under lease to Magna and its subsidiaries. MID also holds a controlling investment in MEC, a publicly-traded company that, based on revenues, is North America's number one owner and operator of horse racetracks, 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, please contact John D. Simonetti, Chief Executive Officer, at 905-726-7619. For teleconferencing questions, please contact Angie Palmer at 905-726-7106.

RECONCILIATION OF NON-GAAP TO GAAP FINANCIAL MEASURES

REAL ESTATE BUSINESS

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS

(U.S. dollars in thousands, except per share figures)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Net income	\$ 23,868	\$ 18,722	\$ 75,207	\$ 57,432
Add back (deduct):				
Depreciation and amortization	9,914	9,093	29,025	27,567
Future income taxes ⁽¹⁾	1,269	4,146	2,008	5,886
Gain on disposal of real estate, net of income tax	(89)	—	(95)	(6,054)
Dilution and other gains	—	—	(1,921)	—
Funds from operations ⁽¹⁾	\$ 34,962	\$ 31,961	\$ 104,224	\$ 84,831
Basic and diluted funds from operations per share ⁽¹⁾	\$ 0.72	\$ 0.66	\$ 2.16	\$ 1.76
Average number of shares outstanding (thousands)				
Basic	48,295	48,264	48,292	48,250
Diluted	48,340	48,327	48,343	48,311

(1) The Real Estate Business' results for the three and nine months ended September 30, 2005 include a \$3.1 million current tax recovery (which is offset by an equal future tax expense) related to accelerated tax depreciation for which the Real Estate Business qualified with respect to certain properties acquired prior to January 1, 2005. Excluding the impact of this item, the Real Estate Business' FFO for the three and nine months ended September 30, 2005 was \$28.9 million (\$0.60 per share) and \$81.7 million (\$1.70 per share), respectively.

FORWARD-LOOKING STATEMENTS

The contents of this press release may contain statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of applicable securities legislation, including the United States Securities Act of 1933 and the United States Securities Exchange Act of 1934. Forward-looking statements may include, among others, statements regarding the Company's future plans, goals, strategies, intentions, beliefs, estimates, costs, objectives, economic performance or expectations, or the assumptions underlying any of the foregoing. Words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate" and similar expressions are used 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. Undue reliance should not be placed on such statements. Forward-looking statements are based on information available at the time and/or management's good faith assumptions and analyses made in light of our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control, that could cause actual events or results to differ materially from such forward-looking statements. Important factors that could cause such differences include, but are not limited to, the risks set forth in the "Risk Factors" section in MID's Annual Information Form for 2005, filed on SEDAR at www.sedar.com and attached as Exhibit 1 to MID's Annual Report on Form 40-F for the year ended December 31, 2005. The "Risk Factors" section also contains information about the material factors or assumptions underlying such forward-looking statements. Forward-looking statements speak only as of the date the statement was made and unless otherwise required by applicable securities laws, MID expressly disclaims any intention and undertakes no obligation to update or revise any forward-looking statements contained in this press release to reflect subsequent information, events or circumstances or otherwise.

Consolidated Statements of Income (Loss)

(U.S. dollars in thousands, except per share figures)

(Unaudited)

Three Months Ended September 30,	Consolidated		Real Estate Business		Magna Entertainment Corp.	
	2006	(restated – note 3) 2005	2006	2005	2006	(restated – note 3) 2005
Revenues						
Rental revenue	\$ 39,582	\$ 36,159	\$ 39,582	\$ 36,159	\$ —	\$ —
Racing and other revenue	116,581	83,005	—	—	116,581	83,005
Interest and other income from MEC (note 16)	—	—	8,292	1,992	—	—
	156,163	119,164	47,874	38,151	116,581	83,005
Operating costs and expenses						
Purses, awards and other	50,107	36,877	—	—	50,107	36,877
Operating costs	69,131	57,388	—	—	69,131	57,388
General and administrative (note 16)	26,180	20,577	6,893	4,558	18,301	14,925
Depreciation and amortization (note 16)	21,592	18,868	9,914	9,093	11,715	9,775
Interest expense, net (note 16)	11,468	9,539	2,925	1,582	17,036	9,109
Operating income (loss)	(22,315)	(24,085)	28,142	22,918	(49,709)	(45,069)
Gain on disposal of real estate	200	—	200	—	—	—
Dilution and other gains	28	—	—	—	28	—
Income (loss) before income taxes and minority interest	(22,087)	(24,085)	28,342	22,918	(49,681)	(45,069)
Income tax expense (recovery)	3,520	3,013	4,474	4,196	(954)	(1,183)
Minority interest	(20,262)	(18,203)	—	—	(20,262)	(18,203)
Income (loss) from continuing operations	(5,345)	(8,895)	23,868	18,722	(28,465)	(25,683)
Income (loss) from discontinued operations (note 3)	(1,465)	5,181	—	—	(1,465)	5,181
Net income (loss)	\$ (6,810)	\$ (3,714)	\$ 23,868	\$ 18,722	\$ (29,930)	\$ (20,502)
Basic and diluted earnings (loss) per						
Class A Subordinate Voting or						
Class B Share (note 5)						
– Continuing operations	\$ (0.11)	\$ (0.19)				
– Discontinued operations (note 3)	(0.03)	0.11				
Total	\$ (0.14)	\$ (0.08)				
Basic and diluted average number						
of Class A Subordinate Voting						
and Class B Shares outstanding						
during the period (in thousands) (note 5)	48,295	48,264				

See accompanying notes

Consolidated Statements of Income (Loss)

(U.S. dollars in thousands, except per share figures)

(Unaudited)

Nine Months Ended September 30,	Consolidated		Real Estate Business		Magna Entertainment Corp.	
	2006	(restated – note 3) 2005	2006	2005	2006	(restated – note 3) 2005
Revenues						
Rental revenue	\$ 115,975	\$ 107,644	\$ 115,975	\$ 107,644	\$ —	\$ —
Racing and other revenue	582,281	497,663	—	—	582,281	497,663
Interest and other income from MEC (note 16)	—	—	22,216	3,208	—	—
	698,256	605,307	138,191	110,852	582,281	497,663
Operating costs and expenses						
Purses, awards and other	287,102	246,441	—	—	287,102	246,441
Operating costs	236,235	216,565	—	—	236,235	216,565
General and administrative (note 16)	70,155	66,352	15,105	15,194	52,822	47,638
Depreciation and amortization (note 16)	61,794	56,021	29,025	27,567	32,869	28,454
Interest expense, net (note 16)	32,649	28,724	8,265	4,932	47,625	24,944
Operating income (loss)	10,321	(8,796)	85,796	63,159	(74,372)	(66,379)
Gain on disposal of real estate	3,092	9,404	209	9,404	2,883	—
Dilution and other gains (note 11)	2,106	7	1,921	—	185	7
Income (loss) before income taxes and minority interest	15,519	615	87,926	72,563	(71,304)	(66,372)
Income tax expense (note 12)	13,884	16,349	12,719	15,131	1,165	1,218
Minority interest	(30,220)	(28,038)	—	—	(30,220)	(28,038)
Income (loss) from continuing operations	31,855	12,304	75,207	57,432	(42,249)	(39,552)
Income (loss) from discontinued operations (note 3)	(501)	394	—	—	(501)	394
Net income (loss)	\$ 31,354	\$ 12,698	\$ 75,207	\$ 57,432	\$ (42,750)	\$ (39,158)
Basic and diluted earnings (loss) per						
Class A Subordinate Voting or						
Class B Share (note 5)						
– Continuing operations	\$ 0.66	\$ 0.25				
– Discontinued operations (note 3)	(0.01)	0.01				
Total	\$ 0.65	\$ 0.26				
Average number of Class A						
Subordinate Voting and Class B						
Shares outstanding during the						
period (in thousands) (note 5)						
– Basic	48,292	48,250				
– Diluted	48,343	48,311				

See accompanying notes

Consolidated Statements of Changes in Deficit

(U.S. dollars in thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Deficit, beginning of period	\$ (75,850)	\$ (75,102)	\$ (99,527)	\$ (79,932)
Net income (loss)	(6,810)	(3,714)	31,354	12,698
Dividends	(7,244)	(7,239)	(21,731)	(18,821)
Deficit, end of period	\$ (89,904)	\$ (86,055)	\$ (89,904)	\$ (86,055)

See accompanying notes

Consolidated Statements of Cash Flows

(U.S. dollars in thousands)

(Unaudited)

Three Months Ended September 30,	Consolidated		Real Estate Business		Magna Entertainment Corp.	
	2006	(restated – note 3) 2005	2006	2005	2006	(restated – note 3) 2005
OPERATING ACTIVITIES						
Income (loss) from						
continuing operations	\$ (5,345)	\$ (8,895)	\$ 23,868	\$ 18,722	\$ (28,465)	\$ (25,683)
Items not involving current						
cash flows (note 14)	3,897	6,480	6,967	12,463	(1,932)	(4,043)
Changes in non-cash						
balances (note 14)	8,518	3,487	2,128	1,388	5,916	2,922
Cash provided by (used in)						
 operating activities	7,070	1,072	32,963	32,573	(24,481)	(26,804)
INVESTMENT ACTIVITIES						
Acquisition of business,						
net of cash acquired (note 2)	(9,347)	—	—	—	(9,347)	—
Property and fixed asset additions	(19,804)	(46,863)	(6,589)	(9,628)	(13,215)	(37,235)
Proceeds on disposal of						
real estate properties, net	3,752	8,141	3,099	7,369	653	772
Decrease (increase) in other assets	(783)	(237)	90	(90)	(873)	(147)
Loan advances to MEC (note 16)	—	—	(7,684)	(60,861)	—	—
Loan repayments from MEC (note 16)	—	—	1,600	—	—	—
Cash used in investment activities	(26,182)	(38,959)	(9,484)	(63,210)	(22,782)	(36,610)
FINANCING ACTIVITIES						
Net increase in bank indebtedness	18,129	1,300	—	—	18,129	1,300
Issuance of long-term debt	6,927	—	—	—	6,927	—
Repayment of long-term debt	(2,592)	(7,786)	(91)	(53)	(2,501)	(7,733)
Loan advances from MID, net (note 16)	—	—	—	—	6,272	56,164
Loan repayments to MID (note 16)	—	—	—	—	(1,600)	—
Issuance of shares	855	812	855	812	—	—
Dividends paid	(7,244)	(7,239)	(7,244)	(7,239)	—	—
Cash provided by (used in)						
 financing activities	16,075	(12,913)	(6,480)	(6,480)	27,227	49,731
Effect of exchange rate changes on						
cash and cash equivalents	(53)	1,067	202	1,441	(255)	(374)
Net cash flows provided by (used in)						
continuing operations	(3,090)	(49,733)	17,201	(35,676)	(20,291)	(14,057)
Net cash flows provided by						
discontinued operations (note 3)	13,946	5,222	—	—	13,946	5,222
Net increase (decrease) in cash and						
cash equivalents during the period	10,856	(44,511)	17,201	(35,676)	(6,345)	(8,835)
Cash and cash equivalents,						
beginning of period	104,214	268,944	66,730	223,697	37,484	45,247
Cash and cash equivalents,						
 end of period	\$ 115,070	\$ 224,433	\$ 83,931	\$ 188,021	\$ 31,139	\$ 36,412

See accompanying notes

Consolidated Statements of Cash Flows

(U.S. dollars in thousands)

(Unaudited)

Nine Months Ended September 30,	Consolidated		Real Estate Business		Magna Entertainment Corp.	
	2006	(restated – note 3) 2005	2006	2005	2006	(restated – note 3) 2005
OPERATING ACTIVITIES						
Income (loss) from continuing operations	\$ 31,855	\$ 12,304	\$ 75,207	\$ 57,432	\$ (42,249)	\$ (39,552)
Items not involving current cash flows (note 14)	32,253	27,630	18,133	23,103	17,677	2,864
Changes in non-cash balances (note 14)	(17,875)	(4,267)	(5,656)	4,267	(13,920)	(7,711)
Cash provided by (used in) operating activities	46,233	35,667	87,684	84,802	(38,492)	(44,399)
INVESTMENT ACTIVITIES						
Acquisition of business, net of cash acquired (note 2)	(9,347)	—	—	—	(9,347)	—
Property and fixed asset additions	(103,184)	(132,370)	(32,894)	(48,805)	(70,290)	(83,565)
Proceeds on disposal of real estate properties, net	17,977	30,919	8,921	25,116	9,056	5,803
Increase in other assets	(2,605)	(582)	(867)	(191)	(1,738)	(624)
Loan advances to MEC (note 16)	—	—	(69,808)	(80,775)	—	—
Loan repayments from MEC (note 16)	—	—	3,400	—	—	—
Cash used in investment activities	(97,159)	(102,033)	(91,248)	(104,655)	(72,319)	(78,386)
FINANCING ACTIVITIES						
Net increase in bank indebtedness	12,629	800	—	—	12,629	800
Issuance of long-term debt	12,134	—	—	—	12,134	—
Repayment of long-term debt	(14,689)	(11,441)	(267)	(228)	(14,422)	(11,213)
Loan advances from MID, net (note 16)	—	—	—	—	66,849	76,272
Loan repayments to MID (note 16)	—	—	—	—	(3,400)	—
Issuance of shares	855	2,611	855	2,611	—	—
Dividends paid	(21,731)	(18,821)	(21,731)	(18,821)	—	—
Cash provided by (used in) financing activities	(10,802)	(26,851)	(21,143)	(16,438)	73,790	65,859
Effect of exchange rate changes on cash and cash equivalents	3,193	(4,806)	3,156	(4,562)	37	(244)
Net cash flows used in continuing operations	(58,535)	(98,023)	(21,551)	(40,853)	(36,984)	(57,170)
Net cash flows provided by discontinued operations (note 3)	16,145	33,402	—	—	16,145	33,402
Net decrease in cash and cash equivalents during the period	(42,390)	(64,621)	(21,551)	(40,853)	(20,839)	(23,768)
Cash and cash equivalents, beginning of period	157,460	289,054	105,482	228,874	51,978	60,180
Cash and cash equivalents, end of period	\$ 115,070	\$ 224,433	\$ 83,931	\$ 188,021	\$ 31,139	\$ 36,412

See accompanying notes

Consolidated Balance Sheets

(Refer to Note 1 – Basis of Presentation)

(U.S. dollars in thousands)

(Unaudited)

As at	Consolidated		Real Estate Business		Magna Entertainment Corp.	
	September 30, 2006	(restated – notes 3 & 4) December 31, 2005	September 30, 2006	December 31, 2005	September 30, 2006	(restated – notes 3 & 4) December 31, 2005
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 115,070	\$ 157,460	\$ 83,931	\$ 105,482	\$ 31,139	\$ 51,978
Restricted cash (note 16)	39,075	39,104	7,135	13,649	31,940	25,455
Accounts receivable	49,113	47,632	11,145	8,291	37,968	39,341
Loan receivable from MEC (note 16)	—	—	100,368	74,725	—	—
Due from MID (note 16)	—	—	—	—	7,137	13,668
Income taxes receivable	1,484	3,828	1,484	3,429	—	399
Prepaid expenses and other (note 16)	21,496	9,755	2,290	317	19,950	9,438
Assets held for sale (note 4)	2,429	2,719	—	—	2,429	2,719
Discontinued operations (note 3)	—	904	—	—	—	904
	228,667	261,402	206,353	205,893	130,563	143,902
Real estate properties, net (note 6)	2,287,248	2,213,472	1,355,953	1,308,658	936,268	908,957
Fixed assets, net	88,354	63,864	452	576	87,902	63,288
Racing licences	109,868	109,868	—	—	109,868	109,868
Other assets, net (note 16)	18,015	15,066	3,290	2,437	20,852	19,926
Loans receivable from MEC (note 16)	—	—	170,793	118,145	—	—
Deferred rent receivable	14,294	14,031	14,294	14,031	—	—
Future tax assets	53,955	53,804	7,489	8,886	46,466	44,918
Assets held for sale (note 4)	77,109	76,593	—	—	77,109	76,593
Discontinued operations (note 3)	—	63,486	—	—	—	63,486
	\$ 2,877,510	\$ 2,871,586	\$ 1,758,624	\$ 1,658,626	\$ 1,409,028	\$ 1,430,938
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Bank indebtedness (notes 7, 8)	\$ 39,929	\$ 30,260	\$ —	\$ —	\$ 39,929	\$ 30,260
Accounts payable and accrued liabilities	148,368	166,124	22,254	21,724	126,114	144,400
Income taxes payable	8,274	9,212	6,440	8,991	1,834	221
Loan payable to MID (note 16)	—	—	—	—	100,368	74,725
Due to MEC (note 16)	—	—	7,137	13,668	—	—
Long-term debt due within one year	73,905	34,611	388	349	73,517	34,262
Deferred revenue (note 16)	8,848	11,198	3,011	5,702	6,430	6,789
Liabilities related to assets held for sale (note 4)	2,254	2,991	—	—	2,254	2,991
Discontinued operations (note 3)	—	12,281	—	—	—	12,281
	281,578	266,677	39,230	50,434	350,446	305,929
Long-term debt (note 8)	133,978	163,636	6,361	6,366	127,617	157,270
Senior unsecured debentures	236,733	226,398	236,733	226,398	—	—
Note obligations	214,568	213,357	—	—	214,568	213,357
Loans payable to MID (note 16)	—	—	—	—	170,793	118,145
Other long-term liabilities	9,013	2,812	—	—	9,013	2,812
Future tax liabilities	152,486	148,961	46,561	44,979	105,925	103,982
Minority interest	177,995	203,925	—	—	177,995	203,925
Liabilities related to assets held for sale (note 4)	26,518	24,746	—	—	26,518	24,746
Discontinued operations (note 3)	—	35,620	—	—	—	35,620
	1,232,869	1,286,132	328,885	328,177	1,182,875	1,165,786
Shareholders' equity:						
Share capital (note 9)	1,576,952	1,575,909	—	—	—	—
Contributed surplus (note 10)	2,212	2,112	—	—	—	—
Deficit	(89,904)	(99,527)	—	—	—	—
Currency translation adjustment (note 11)	155,381	106,960	—	—	—	—
	1,644,641	1,585,454	1,429,739	1,330,449	226,153	265,152
	\$ 2,877,510	\$ 2,871,586	\$ 1,758,624	\$ 1,658,626	\$ 1,409,028	\$ 1,430,938

Commitments and contingencies (note 17)

See accompanying notes

Notes to Interim Consolidated Financial Statements

(All amounts in U.S. dollars and all tabular amounts in thousands unless otherwise noted)

(All amounts as at September 30, 2006 and 2005 and for the three-month and nine-month periods ended September 30, 2006 and 2005 are unaudited)

1. BASIS OF PRESENTATION

(a) Magna Entertainment Corp.

The unaudited interim consolidated financial statements include the accounts of MI Developments Inc. and its subsidiaries (collectively, "MID" or the "Company"). MID is a real estate operating company that currently owns, leases, manages and develops a predominantly industrial rental portfolio. The Company also holds an investment in Magna Entertainment Corp. ("MEC"), an owner and operator of horse racetracks and a supplier of live racing content to the inter-track, off-track and account wagering markets. The Company owns approximately 58% of MEC's total equity, representing approximately 96% of the total voting power of its outstanding stock. MEC's results are consolidated with the Company's results, with outside ownership accounted for as a minority interest.

The results of operations and the financial position of MEC have been included in these unaudited interim consolidated financial statements on a going concern basis, which contemplates the realization of MEC's assets and the discharge of MEC's liabilities in the normal course of business for the foreseeable future. MEC has a working capital deficiency of \$219.9 million as at September 30, 2006. Accordingly, MEC's ability to continue as a going concern is in substantial doubt and is dependent on MEC generating cash flows that are adequate to sustain the operations of the business, renew or extend current financing arrangements and maintain its obligations with respect to secured and unsecured creditors, none of which is assured. On November 9, 2005, MEC announced that it had entered into a share purchase agreement with PA Meadows, LLC and a fund managed by Oaktree Capital Management, LLC (together, "Millennium-Oaktree") providing for the acquisition by Millennium-Oaktree of all of the outstanding shares of the wholly-owned subsidiaries through which MEC owned and operated The Meadows, MEC's standardbred racetrack in Pennsylvania (note 4). The share purchase agreement was amended on July 26, 2006 (note 4) to reflect the issuance of two notes representing the purchase price in the amounts of \$175.0 million (the "First Note") and \$25.0 million (the "Second Note"). The Company now anticipates that the First Note will be repaid on or about November 14, 2006. Funds received on the repayment of the First Note are required to be used to repay MEC's bridge loan with a subsidiary of MID (the "MID Lender"), which matures on December 5, 2006 (note 16). Funds received on repayment of the First Note are also required to be used to repay, in part, MEC's \$50.0 million senior secured credit facility with a bank (the "MEC Credit Facility"), which was recently extended so that it matures on November 28, 2006 (note 7), unless further extended with the consent of both parties, and \$2.0 million of the BE&K Loan (as defined in note 8). MEC is also continuing to pursue other funding sources in connection with its previously announced recapitalization plan, which may include further asset sales, partnerships and raising capital through equity offerings. However, the success of these efforts is not determinable at this time. These unaudited interim consolidated financial statements do not give effect to any adjustments which would be necessary should MEC be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying unaudited interim consolidated financial statements.

MEC's racing business is seasonal in nature. MEC's racing revenues and operating results for any quarter will not be indicative of the racing revenues and operating results for the year. MEC's racing operations have historically operated at a loss in the second half of the year, with the third quarter typically generating the largest operating loss. This seasonality has resulted in large quarterly fluctuations in revenue and operating results.

(b) Consolidated Financial Statements

The unaudited interim consolidated financial statements have been prepared in U.S. dollars following Canadian generally accepted accounting principles and the accounting policies as set out in the annual consolidated financial statements for the year ended December 31, 2005.

The unaudited interim consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the 2005 annual consolidated financial statements.

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments, which consist only of normal and recurring adjustments, necessary to present fairly the financial position at September 30, 2006 and 2005 and the results of operations and cash flows for the three-month and nine-month periods ended September 30, 2006 and 2005.

Financial data and related measurements are presented on the unaudited interim consolidated statements of income (loss), unaudited interim consolidated statements of cash flows, and unaudited interim consolidated balance sheets in two categories, "Real Estate Business" and "Magna Entertainment Corp.," which correspond to the Company's reporting segments as described in note 15 to the unaudited interim consolidated financial statements. Transactions and balances between the "Real Estate Business" and "Magna Entertainment Corp." have not been eliminated in the presentation of each segment's financial data and related measurements. However, the effects of transactions between these two segments, which are further described in note 16, are eliminated in the consolidated results of operations and financial position of the Company.

The Company has reclassified certain prior period amounts to conform to the current period's presentation. Prior period amounts have also been adjusted to reflect the restatement for discontinued operations of MEC (note 3) and changes in assets held for sale by MEC (note 4).

2. BUSINESS ACQUISITION

On August 22, 2003, MEC Maryland Investments Inc. ("MEC Maryland") , a wholly-owned subsidiary of MEC, acquired a 30% interest in AmTote International, Inc. ("AmTote") for a total cash purchase price, including transaction costs, of \$4.3 million. MEC Maryland was granted a purchase option (the "First Option") to acquire an additional 30% equity interest in AmTote, exercisable at any time during the three-year period commencing on the date of MEC Maryland's initial 30% equity interest acquisition. If MEC Maryland chose to exercise the First Option, it had a second purchase option (the "Second Option") to acquire the remaining 40% equity interest in AmTote, exercisable at any time during the three-year period commencing on the date of exercise of the First Option. In addition, the shareholders of AmTote were given the right to sell to MEC Maryland their remaining equity interest during the 120-day period following the exercise of the First Option.

On July 26, 2006, MEC Maryland acquired the remaining 70% equity interest of AmTote for a total cash purchase price of \$9.3 million, including transaction costs of \$0.1 million, net of cash acquired of \$5.5 million. The acquisition was financed through the MEC Credit Facility (note 7).

AmTote is a provider of totalisator services to the North American pari-mutuel industry with service contracts with over 70 North American racetracks and other wagering entities.

The purchase price has been allocated to the assets and liabilities acquired as follows:

Non-cash working capital	\$	1,203
Fixed assets		12,008
Other assets		127
Goodwill		683
Long-term debt		(1,470)
Other long-term liabilities		(980)
Future tax liabilities		(2,224)
Net assets acquired and total purchase price, net of cash acquired	\$	9,347

The purchase price allocation for this acquisition has not yet been finalized and may be adjusted as a result of obtaining additional information regarding estimates of fair values made at the date of purchase.

3. DISCONTINUED OPERATIONS

- (a) On August 25, 2006, a wholly-owned subsidiary of MEC completed the sale of the Magna Golf Club located in Aurora, Ontario to Magna International Inc. ("Magna"), a related party, for cash consideration of Cdn. \$51.8 million (\$46.4 million), net of transaction costs, subject to various closing adjustments. MEC recognized an impairment loss of \$1.2 million at the date of disposition equal to the excess of MEC's carrying value of the assets disposed over their fair values at the date of disposition. Of the sale proceeds, Cdn. \$32.6 million (\$29.3 million) was used to pay all amounts owing under certain loan agreements with Bank Austria Creditanstalt AG related to the Magna Golf Club. In addition, the MID Lender received a fee of Cdn. \$0.2 million (1% of the net sale proceeds) as consideration for waiving repayment rights under the bridge loan between MEC and the MID Lender (the "MEC Bridge Loan") (note 16).
- (b) On May 26, 2006, MEC completed the sale of a restaurant and related real estate in the United States and received cash consideration of \$2.0 million, net of transaction costs, and recognized a gain on disposition of approximately \$1.5 million. MEC was required to use the net proceeds from this transaction to repay principal amounts outstanding under the MEC Credit Facility.
- (c) On August 16, 2005, MEC and Great Canadian Gaming Corporation ("GCGC") entered into a share purchase agreement under which GCGC acquired all of the outstanding shares of Ontario Racing Inc. ("ORI"), a wholly-owned subsidiary of MEC that owned and operated Flamboro Downs, a standardbred racetrack and site holder for slot machines operated by the Ontario Lottery and Gaming Corporation, located in Hamilton, Ontario, Canada. Regulatory approval for this sale transaction was obtained on October 17, 2005, and MEC completed the transaction on October 19, 2005. On closing, GCGC paid \$23.6 million and Cdn. \$50.7 million (\$43.1 million) in cash and also assumed ORI's existing debt.
- (d) On August 18, 2005, three subsidiaries of MEC entered into a share purchase agreement with Colonial Downs, L.P. ("Colonial LP") pursuant to which Colonial LP purchased all of the outstanding shares of Maryland-Virginia Racing Circuit, Inc. ("MVRC"). MVRC was an indirect subsidiary of MEC that managed the operations of Colonial Downs, a thoroughbred and standardbred horse racetrack located in New Kent, Virginia, pursuant to a management agreement with Colonial LP, the owner of Colonial Downs. Regulatory approval for the sale of MVRC was obtained on September 28, 2005, and MEC completed the transaction on September 30, 2005. On closing, MEC received cash consideration of \$6.8 million, net of transaction costs, and a one-year interest-bearing note in the principal amount of \$3.0 million, which was repaid as at September 30, 2006.

MEC's results of operations and cash flows related to discontinued operations for the three-month and nine-month periods ended September 30, 2006 and 2005, and MEC's assets and liabilities related to discontinued operations as at December 31, 2005, are shown in the following tables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues	\$ 2,733	\$ 11,758	\$ 9,676	\$ 32,469
Costs and expenses	2,076	8,491	6,475	23,256
	657	3,267	3,201	9,213
Depreciation and amortization	286	669	1,133	2,001
Interest expense, net	294	1,017	1,086	2,700
Impairment loss recorded on disposition	1,202	—	1,202	—
Write-down of racing licence	—	—	—	12,290
Income (loss) before gain on disposition	(1,125)	1,581	(220)	(7,778)
Gain on disposition	—	9,837	1,495	9,837
Income (loss) before income taxes	(1,125)	11,418	1,275	2,059
Income tax expense	1,381	2,565	2,133	1,386
Minority interest	(1,041)	3,672	(357)	279
Income (loss) from discontinued operations	\$ (1,465)	\$ 5,181	\$ (501)	\$ 394

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Cash provided by (used in) operating activities	\$ (5,852)	\$ (889)	\$ (1,509)	\$ 1,667
Cash provided by investing activities	46,497	6,738	48,157	6,577
Cash provided by (used in) financing activities	(26,699)	—	(30,503)	25,501
	13,946	5,849	16,145	33,745
Payments to MEC's continuing operations	(13,946)	(5,222)	(16,145)	(33,402)
Net increase in cash and cash equivalents of discontinued operations during the period	—	627	—	343
Cash and cash equivalents, beginning of period	—	352	—	636
Cash and cash equivalents, end of period	\$ —	\$ 979	\$ —	\$ 979

As at December 31, 2005

ASSETS

Current assets:

Accounts receivable	\$ 334
Prepaid expenses and other	570

904

Real estate properties, net	51,492
Fixed assets, net	3,503
Other assets, net	952
Future tax assets	7,539

63,486

\$ 64,390

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 2,261
Income taxes payable	4,192
Long-term debt due within one year	3,771
Deferred revenue	2,057

12,281

Long-term-debt	25,560
Other long-term liabilities	10,060

35,620

\$ 47,901

4. ASSETS HELD FOR SALE

- (a) On November 3, 2005, MEC announced that one of its subsidiaries that owns approximately 157 acres of under-utilized real estate located in Palm Beach County, Florida had entered into an agreement to sell the real property for \$51.0 million. The proposed sale was subject to the completion of due diligence by the purchaser by April 3, 2006 and a closing by April 28, 2006. On April 3, 2006, MEC announced the termination of the sale agreement and, as such, the purchaser was not proceeding with the proposed sale as stipulated in the agreement. MEC is considering its options with respect to this property. It has been determined that the plan of sale criteria under generally accepted accounting principles is no longer met in relation to this property and, accordingly, as at December 31, 2005, the property has been reclassified to reflect the carrying amount of the property in MEC's "real estate properties, net" on the Company's unaudited interim consolidated balance sheets rather than in "assets held for sale".
- (b) On November 9, 2005, MEC announced that it had entered into a share purchase agreement (the "Initial SPA") with Millennium-Oaktree providing for the acquisition by Millennium-Oaktree of all of the outstanding shares of Washington Trotting Association, Inc., Mountain Laurel Racing, Inc., and MEC Pennsylvania Racing, Inc. (collectively, "The Meadows Entities"), each MEC wholly-owned subsidiaries through which MEC owned and operated The Meadows.

On July 26, 2006, MEC announced that it had entered into an amended share purchase agreement that modified the Initial SPA with respect to the sale of The Meadows as a result of regulatory requirements relating to the approval of the issuance of a gaming licence by the Pennsylvania Gaming Control Board (the "PGCB"), as well as significant changes in the economic and regulatory environment in Pennsylvania since the date of the Initial SPA, including regulations adopted by the Pennsylvania Department of Revenue in respect of the amount of local share assessment taxes payable to North Strabane Township and Washington County. The \$225.0 million purchase price in the Initial SPA, which included a \$39.0 million holdback, was reduced to \$200.0 million, with a \$25.0 million holdback payable to MEC over a five-year period, subject to offset for certain indemnification obligations. In exchange for the shares of The Meadows Entities, MEC received two notes representing the purchase price: the First Note of \$175.0 million and the Second Note of \$25.0 million. The First Note and Second Note were assigned to the MID Lender as security. Concurrently with entering into the amended share purchase agreement, the parties entered into a racing services agreement whereby MEC will continue to manage the racing operations at The Meadows, on behalf of Millennium-Oaktree, for at least five years.

On September 27, 2006, the PGCB granted approval to Washington Trotting Association, Inc. of a Conditional Category 1 Gaming Licence (the "Gaming Licence"). Due to regulatory issues relating to the approval of the Gaming Licence, the parties agreed to modify the terms of the Second Note. The amount of the Second Note will remain intact, however, MEC agreed to release the security requirement for the holdback amount, defer subordinate payments under the holdback and defer receipt of holdback payments until the opening of the permanent casino at The Meadows, in exchange for Millennium-Oaktree providing an additional \$25.0 million of equity support for PA Meadows, LLC.

Pursuant to the terms of the amended share purchase agreement, the First Note was due to be repaid, following the approval of the Gaming Licence, on or about November 3, 2006, however, the Company now anticipates that the First Note will be repaid on or about November 14, 2006. If the First Note is not repaid on or before November 14, 2006, MEC is entitled to demand that the First Note and the Second Note be cancelled and that the purchaser return the shares of The Meadows Entities to MEC. MEC is required to use the proceeds from the sale of The Meadows to fully repay the MEC Bridge Loan (note 16) and to permanently pay down \$39.0 million of the principal amount outstanding under the MEC Credit Facility (note 7). MEC is also required to repay \$2.0 million of the BE&K Loan (as defined in note 8) following payment on the First Note.

MEC's assets classified as held for sale and corresponding liabilities related to this transaction at September 30, 2006 and December 31, 2005 are shown in the table below.

As at	September 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Restricted cash	\$ 480	\$ 443
Accounts receivable	437	450
Income taxes receivable	614	857
Prepaid expenses and other	898	969
	2,429	2,719
Real estate properties, net	16,485	16,154
Fixed assets, net	1,691	1,576
Racing licence	58,266	58,266
Other assets, net	200	200
Future tax assets	467	397
	77,109	76,593
	\$ 79,538	\$ 79,312
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,241	\$ 2,679
Deferred revenue	13	312
	2,254	2,991
Future tax liabilities	26,518	24,746
	\$ 28,772	\$ 27,737

5. EARNINGS (LOSS) PER SHARE

Diluted earnings (loss) per share for the three-month and nine-month periods ended September 30, 2006 and 2005 are computed as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Income (loss) from continuing operations	\$ (5,345)	\$ (8,895)	\$ 31,855	\$ 12,304
Income (loss) from discontinued operations	(1,465)	5,181	(501)	394
Net income (loss)	\$ (6,810)	\$ (3,714)	\$ 31,354	\$ 12,698
Weighted average number of Class A				
Subordinate Voting and Class B Shares outstanding during the period (thousands)	48,295	48,264	48,292	48,250
Stock options (thousands)	—	—	51	61
	48,295	48,264	48,343	48,311
Diluted earnings (loss) per Class A				
Subordinate Voting or Class B Share				
– from continuing operations	\$ (0.11)	\$ (0.19)	\$ 0.66	\$ 0.25
– from discontinued operations	(0.03)	0.11	(0.01)	0.01
	\$ (0.14)	\$ (0.08)	\$ 0.65	\$ 0.26

The computation of diluted earnings (loss) per share for the three-month and nine-month periods ended September 30, 2006 excludes the effect of the potential exercise of 400,000 (2005 – 418,000) and 20,000 (2005 – nil) options, respectively, to acquire Class A Subordinate Voting Shares of the Company because the effect would be anti-dilutive.

6. REAL ESTATE PROPERTIES

Real estate properties consist of:

As at	September 30, 2006	(restated – note 3) December 31, 2005
Real Estate Business		
Income-producing properties under operating leases		
Land	\$ 204,483	\$ 192,873
Buildings, parking lots and roadways – cost	1,284,647	1,198,488
Buildings, parking lots and roadways – accumulated depreciation	(260,129)	(220,895)
	1,229,001	1,170,466
Development properties		
Land and improvements	97,964	100,457
Properties under development	5,034	13,863
	102,998	114,320
Properties held for sale		
	23,954	23,872
	1,355,953	1,308,658
MEC		
Revenue-producing racetrack properties		
Land and improvements	207,820	206,873
Buildings – cost	628,146	495,018
Buildings – accumulated depreciation	(109,823)	(91,005)
Construction in progress	23,751	119,247
	749,894	730,133
Under-utilized racetrack properties		
	97,319	96,303
Development properties		
Land and improvements	59,040	51,019
Properties under development	4,199	3,155
	63,239	54,174
Revenue-producing non-racetrack properties		
Land and improvements	5,142	5,112
Buildings – cost	30,906	29,165
Buildings – accumulated depreciation	(10,232)	(8,430)
	25,816	25,847
Properties held for sale		
	—	2,500
	936,268	908,957
Eliminations (note 16)	(4,973)	(4,143)
Consolidated	\$ 2,287,248	\$ 2,213,472

7. BANK INDEBTEDNESS

The MEC Credit Facility is available by way of U.S. dollar loans and letters of credit for general corporate purposes. Loans under the MEC Credit Facility are collateralized by a first charge on the assets of Golden Gate Fields and a second charge on the assets of Santa Anita Park, and are guaranteed by certain subsidiaries of MEC. The MEC Credit Facility contains financial covenants that include EBITDA maintenance tests relating to Santa Anita Park and Golden Gate Fields and mandatory repayment provisions. The loans under the MEC Credit Facility bear interest at either the U.S. Base rate plus 3% or the London Interbank Offered Rate ("LIBOR") plus 4%. The weighted average interest rate on the loans outstanding under the credit facility as at September 30, 2006 was 9.5% (December 31, 2005 – 9.3%).

On July 26, 2006, MEC obtained an extension to the MEC Credit Facility from July 31, 2006 to November 6, 2006, and the maximum permitted borrowings under such facility for general corporate purposes were increased to \$50.0 million. The AmTote option exercise (note 2) was financed through a further increase of \$14.0 million under the MEC Credit Facility, in return for which the bank received a first-ranking security interest over AmTote, with the MID Lender receiving a second-ranking interest. MEC is required to repay \$39.0 million under the MEC Credit Facility upon closing of the sale of The Meadows (note 4), after repaying the first \$100.0 million of the MEC Bridge Loan (note 16). Subsequent to September 30, 2006, the MEC Credit Facility was extended to November 28, 2006, unless further extended with the consent of both parties.

At September 30, 2006, MEC had borrowings of \$39.9 million (December 31, 2005 – \$27.3 million), had issued letters of credit totalling \$23.5 million (December 31, 2005 - \$21.7 million) and had permanently repaid principal amounts outstanding of \$0.3 million under the MEC Credit Facility, such that \$0.3 million was unused and available.

8. LONG-TERM DEBT

- (a) On November 17, 2005, a subsidiary of MEC entered into a loan agreement with BE&K, Inc. ("BE&K"), the parent company of Suitt Construction Co. Inc., the general contractor for the reconstruction of the racetrack facilities at Gulfstream Park, for a loan of up to \$13.5 million (the "BE&K Loan") to assist in the financing of costs as a result of additional material and labour costs and changes in scope of work related to the reconstruction. The loan agreement was amended on June 30, 2006, and the loan amount was increased to \$16.6 million. The loan matures on April 14, 2007 and may be extended at the lender's option to July 31, 2008. The loan bears interest at the U.S. prime rate plus 0.4% per annum (September 30, 2006 – 8.65%) and may be repaid at any time, in whole or in part, without penalty. The BE&K Loan is collateralized by a mortgage over land in Ocala, Florida and a guarantee of \$5.0 million by MEC. MEC is required to repay \$2.0 million of this loan directly to BE&K following payment on the First Note relating to the sale of The Meadows (note 4), after repaying the MEC Bridge Loan (note 16) and \$39.0 million under the MEC Credit Facility (note 7). MEC is also required to deposit with the MID Lender sufficient proceeds from the sale of The Meadows to repay all remaining indebtedness owing under the BE&K Loan. As at September 30, 2006, \$12.2 million had been advanced under the BE&K Loan.
- (b) On July 31, 2006, one of MEC's European subsidiaries amended and extended its bank term line of credit of 2.5 million euros and its bank term loan of 2.9 million euros. The amendments to the agreement included converting the two facilities into one bank term loan, requiring the repayment of 0.9 million euros on July 31, 2006, extending the term to July 31, 2007 and requiring a further repayment of 0.7 million euros on January 31, 2007. The bank term loan bears interest at the Euro Overnight Index Average ("EONIA") rate plus 1.1% per annum (September 30, 2006 – 4.23%). A European subsidiary of MEC has provided two first mortgages on real estate as security for this bank term loan. At September 30, 2006, the amount outstanding under the fully drawn bank term loan is 4.5 million euros (\$5.7 million).

9. SHARE CAPITAL

Changes in the Company's Class A Subordinate Voting Shares and Class B Shares are shown in the following table:

	Class A Subordinate Voting Shares		Class B Shares		Total	
	Number	Stated Value	Number	Stated Value	Number	Stated Value
Shares issued and outstanding, December 31, 2004	47,642,083	\$ 1,554,779	548,238	\$ 17,893	48,190,321	\$ 1,572,672
Issued on exercise of stock options	70,000	2,237	—	—	70,000	2,237
Shares issued and outstanding, March 31, 2005 and June 30, 2005	47,712,083	1,557,016	548,238	17,893	48,260,321	1,574,909
Issued on exercise of stock options	30,000	1,000	—	—	30,000	1,000
Shares issued and outstanding, September 30, 2005, December 31, 2005 March 31, 2006 June 30, 2006	47,742,083	\$ 1,558,016	548,238	\$ 17,893	48,290,321	\$ 1,575,909
Issued on exercise of stock options	30,000	1,043	—	—	30,000	1,043
Shares issued and outstanding, September 30, 2006	47,772,083	\$ 1,559,059	548,238	\$ 17,893	48,320,321	\$ 1,576,952

Pursuant to the terms of a normal course issuer bid program for which the Company received approval from the Toronto Stock Exchange ("TSX") on May 19, 2005, the Company was authorized, during the 12-month period commencing May 24, 2005 and ending May 23, 2006, to purchase for cancellation up to a total of 4,005,956 Class A Subordinate Voting Shares, being 10% of the public float (as defined by the TSX) of the Class A Subordinate Voting Shares (the "Public Float").

Pursuant to the terms of a normal course issuer bid program for which the Company received approval from the TSX on September 29, 2006, the Company may, during the 12-month period commencing October 4, 2006 and ending October 3, 2007, purchase for cancellation up to a total of 3,257,895 Class A Subordinate Voting Shares, being 10% of the Public Float. The price that MID will pay for shares purchased pursuant to the bid will be the market price at the time of acquisition.

To date, the Company has not purchased any Class A Subordinate Voting Shares under its normal course issuer bid programs.

10. CONTRIBUTED SURPLUS

Changes in the Company's contributed surplus are shown in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Contributed surplus, beginning of period	\$ 2,342	\$ 2,125	\$ 2,112	\$ 2,387
Stock-based compensation	58	88	288	264
Transfer to share capital on exercise of stock options	(188)	(188)	(188)	(626)
Contributed surplus, end of period	\$ 2,212	\$ 2,025	\$ 2,212	\$ 2,025

11. CURRENCY TRANSLATION ADJUSTMENT

During the nine months ended September 30, 2006, the Company recorded an unrealized foreign currency translation gain of \$48.4 million related to its net investments in currencies other than the U.S. dollar. The gain was primarily due to the strengthening of the euro and Canadian dollar against the U.S. dollar.

Included in the Real Estate Business' dilution and other gains for the nine months ended September 30, 2006 is a \$1.9 million currency translation gain realized from capital transactions that gave rise to a reduction in the net investment in certain foreign operations.

12. INCOME TAXES

The Real Estate Business' income tax expense for the nine months ended September 30, 2006 includes a future tax recovery of \$2.4 million realized from the reduction in the future Canadian tax rate, enacted in June 2006, from 36.1% to 33.0%.

13. STOCK-BASED COMPENSATION

(a) On August 29, 2003, MID's Board of Directors approved the Incentive Stock Option Plan (the "MID Plan"), which allows for the grant of stock options or stock appreciation rights to directors, officers, employees and consultants. At September 30, 2006, a maximum of 2.66 million MID Class A Subordinate Voting Shares are available to be issued under the MID Plan.

MID has granted stock options to certain directors and officers to purchase MID's Class A Subordinate Voting Shares. Such options have generally been granted with 1/5th of the options vesting on the date of grant and the remaining options vesting over a period of four years at a rate of 1/5th on each anniversary of the date of grant. Options expire on the tenth anniversary of the date of grant, subject to earlier cancellation in the events specified in the stock option agreement entered into by MID with each recipient of options.

Activity in the MID Plan was as follows:

	2006		2005	
	Number	Weighted Average Exercise Price (Cdn. \$)	Number	Weighted Average Exercise Price (Cdn. \$)
Stock options outstanding, January 1	390,000	33.49	490,000	33.16
Granted	20,000	39.12	—	—
Exercised	—	—	(70,000)	31.85
Stock options outstanding, March 31 and June 30	410,000	33.77	420,000	33.38
Exercised	(30,000)	31.85	(30,000)	31.85
Forfeited	(60,000)	35.62	—	—
Stock options outstanding, September 30	320,000	33.60	390,000	33.49
Stock options exercisable, September 30	202,000	33.07	162,000	32.64

The fair value of stock options granted was estimated at the date of grant using the Black-Scholes option valuation model. The weighted average assumptions used in determining the fair value of the MID stock options granted are shown in the table below.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Risk-free interest rate	—	—	4.0%	—
Expected dividend yield	—	—	1.76%	—
Expected volatility of MID's Class A Subordinate Voting Stock	—	—	21.3%	—
Weighted average expected life (years)	—	—	3.0	—
Weighted average fair value per option granted	—	—	\$ 5.67	—

The Black-Scholes option valuation model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options, which are fully transferable and have no vesting restrictions. In addition, this model requires the input of subjective assumptions, including expected dividend yields, future stock price volatility and expected time until exercise. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based on market conditions outside of the Company's control. If other assumptions are used, stock-based compensation expense could be significantly impacted. Because the Company's outstanding stock options have characteristics, which are significantly different from those of traded options, and because changes in any of the assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide the only measure of the fair value of its stock options.

Subsequent to September 30, 2006, MID granted an aggregate of 155,000 stock options with an exercise price of Cdn. \$41.17 per option to certain directors and officers of the Company and 10,000 stock options with an exercise price of Cdn. \$35.62 per option were exercised.

Effective November 4, 2003, MID established a Non-Employee Director Share-Based Compensation Plan (the "DSP"), which provides for a deferral of up to 100% of each outside director's total annual remuneration from the Company, at specified levels elected by each director, until such director ceases to be a director of the Company. The amounts deferred are reflected by notional Deferred Share Units ("DSUs") with a value equal to the market price of the Company's Class A Subordinate Voting Shares at the time that the particular payment(s) to the director is determined. The value of a DSU will appreciate or depreciate with changes in the market price of the Class A Subordinate Voting Shares. The DSP also takes into account any dividends paid on the Class A Subordinate Voting Shares. Under the DSP, when a director leaves the Board, the director receives a cash payment equal to the value of the accrued DSUs at that time. There is no option under the DSP for directors to receive Class A Subordinate Voting Shares in exchange for DSUs. Effective January 1, 2005, all directors must receive at least 50% of their Board and Committee compensation fees (excluding Special Committee fees, effective January 1, 2006) in DSUs.

For the three months and nine months ended September 30, 2006, 4,350 DSUs and 12,216 DSUs, respectively, were granted pursuant to the DSP. A total of 35,308 DSUs have been granted for periods up to and including September 30, 2006. During the nine months ended September 30, 2006, 11,715 DSUs were redeemed for \$0.4 million. As a result, 23,593 DSUs remain outstanding at September 30, 2006.

During the three months and nine months ended September 30, 2006, the Real Estate Business recognized stock-based compensation expense of \$0.3 million (2005 – \$0.2 million) and \$0.8 million (2005 – \$0.8 million), respectively, which includes \$0.2 million (2005 – \$0.1 million) and \$0.5 million (2005 – \$0.6 million), respectively, pertaining to DSUs.

- (b) MEC has a Long-term Incentive Plan (the "MEC Plan"), adopted in 2000, which allows for the grant of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, bonus stock and performance shares to MEC's directors, officers, employees, consultants, independent contractors and agents. A maximum of 7.6 million shares of MEC's Class A Subordinate Voting Stock are available to be issued under the MEC Plan, of which 6.3 million are available for issuance pursuant to stock options and tandem stock appreciation rights and 1.3 million are available for issuance pursuant to any other type of award under the MEC Plan.

During 2005, MEC introduced an incentive compensation program (the "MEC Program") for certain officers and key employees, which will award performance shares of MEC's Class A Subordinate Voting Stock as contemplated under the MEC Plan. The number of shares of Class A Subordinate Voting Stock underlying the performance share awards is based either on a percentage of a guaranteed bonus or a percentage of total 2005 compensation divided by the market value of MEC's Class A Subordinate Voting Stock on the date the MEC Program was approved by the Compensation Committee of MEC's Board of Directors. These performance shares vested over a six or eight month period to December 31, 2005 and are to be distributed, subject to certain conditions, in two equal instalments. The first distribution date occurred prior to March 31, 2006 and the second distribution date is to occur on or about March 31, 2007. During the year ended December 31, 2005, 201,863 performance share awards were granted under the MEC Program with a weighted average grant-date market value of either \$6.26 or Cdn. \$7.61 per share (the "2005 Performance Share Awards"). At December 31, 2005, there were 199,471 vested 2005 Performance Share Awards and no non-vested 2005 Performance Share Awards. During the nine months ended September 30, 2006, 115,408 vested 2005 Performance Share Awards were issued with a stated value of \$0.7 million. Accordingly, there are 84,063 vested 2005 Performance Share Awards remaining to be issued under the MEC Program.

For 2006, MEC continued the MEC Program as described in the preceding paragraph. The program is similar in all respects except that the performance shares granted in 2006 will vest over a 12-month period to December 31, 2006 and will be distributed, subject to certain conditions, on or about March 31, 2007. In the nine months ended September 30, 2006, 161,099 performance share awards were granted under the MEC Program with a weighted average grant-date market value of either \$6.80 or Cdn. \$7.63 per share (the "2006 Performance Share Awards"). During the nine months ended September 30, 2006, 1,616 vested 2006 Performance Share Awards were issued and 12,490 2006 Performance Share Awards were forfeited. At September 30, 2006, there were 112,106 vested 2006 Performance Share Awards and 34,887 non-vested 2006 Performance Share Awards.

In the nine months ended September 30, 2006, MEC issued 25,896 (2005 – 14,175) shares of Class A Subordinate Voting Stock with a stated value of \$0.2 million (2005 – \$0.1 million) to MEC's directors in payment of services rendered.

MEC grants stock options to certain directors, officers, key employees and consultants to purchase shares of MEC's Class A Subordinate Voting Stock. All of such stock options give the grantee the right to purchase Class A Subordinate Voting Stock of MEC at a price no less than the fair market value of such stock at the date of grant. Generally, stock options under the MEC Plan vest over a period of two to six years from the date of grant at rates of 1/7th to 1/3rd per year and expire on or before the tenth anniversary of the date of grant, subject to earlier cancellation upon the occurrence of certain events specified in the stock option agreements entered into by MEC with each recipient of options.

Activity in the MEC Plan was as follows:

	2006		2005	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Stock options outstanding, January 1	4,827,500	6.14	4,500,500	6.18
Granted	—	—	490,000	6.40
Exercised	—	—	—	—
Forfeited and expired	—	—	(145,000)	6.76
Stock options outstanding, March 31	4,827,500	6.14	4,845,500	6.19
Granted	—	—	155,000	6.70
Forfeited and expired	(64,000)	6.80	(88,000)	7.32
Stock options outstanding, June 30	4,763,500	6.13	4,912,500	6.18
Forfeited and expired	—	—	(150,000)	8.08
Stock options outstanding, September 30	4,763,500	6.13	4,762,500	6.12
Stock options exercisable, September 30	4,279,700	6.08	4,038,715	6.05

The fair value of MEC stock options granted was estimated at the date of grant using the Black-Scholes option valuation model, which requires the use of subjective assumptions and may not necessarily provide the only measure of the fair value of MEC's stock options (as described further in note 13(a)). The weighted average assumptions used in determining the fair value of the MID stock options granted are shown in the table below. If other assumptions are used, stock-based compensation expense could be significantly impacted.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Risk-free interest rate	—	—	—	3.9%
Expected dividend yield	—	—	—	—
Expected volatility of MEC's Class A Subordinate Voting Stock	—	—	—	54.9%
Weighted average expected life (years)	—	—	—	4.0
Weighted average fair value per option granted	—	—	—	\$2.90

During the three months and nine months ended September 30, 2006, MEC recognized stock-based compensation expense of \$0.4 million (2005 – nil) and \$2.1 million (2005 – \$0.7 million), respectively, including \$0.2 million (2005 – nil) and \$0.8 million (2005 – \$0.1 million), respectively, relating to performance share awards.

14. DETAILS OF CASH FROM OPERATING ACTIVITIES

(a) Items not involving current cash flows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	(restated – note 3)		(restated – note 3)	
	2006	2005	2006	2005
Real Estate Business				
Straight-line rent adjustment	\$ 41	\$ (59)	\$ 109	\$ 249
Stock-based compensation expense	265	242	763	843
Depreciation and amortization	9,914	9,093	29,025	27,567
Interest income from MEC	(4,402)	(1,032)	(11,876)	(2,248)
Gain on disposal of real estate	(200)	—	(209)	(9,404)
Future income taxes	1,269	4,146	2,008	5,886
Dilution and other gains	—	—	(1,921)	—
Other	80	73	234	210
	6,967	12,463	18,133	23,103
MEC				
Stock-based compensation expense	380	15	2,069	696
Gain on disposal of real estate	—	—	(2,883)	—
Depreciation and amortization	11,715	9,775	32,869	28,454
Interest expense with MID	4,211	—	10,837	—
Amortization of debt issuance costs	1,579	802	5,331	1,347
Dilution and other gains	(28)	—	(185)	(7)
Future income taxes	139	3,594	(574)	2,862
Minority interest	(20,262)	(18,203)	(30,220)	(28,038)
Other	334	(26)	433	(2,450)
	(1,932)	(4,043)	17,677	2,864
Eliminations (note 16)	(1,138)	(1,940)	(3,557)	1,663
Consolidated	\$ 3,897	\$ 6,480	\$ 32,253	\$ 27,630

(b) Changes in non-cash balances:

	Three months ended September 30, (restated – note 3)		Nine months ended September 30, (restated – note 3)	
	2006	2005	2006	2005
Real Estate Business				
Accounts receivable	\$ (91)	\$ 187	\$ (2,297)	\$ 2,607
Loan receivable from MEC	640	(296)	251	(296)
Prepaid expenses and other	1,197	185	(1,946)	(228)
Accounts payable and accrued liabilities	4,516	651	2,440	(5,240)
Income taxes	68	(1,971)	(991)	2,410
Deferred revenue	(4,202)	2,632	(3,113)	5,014
	2,128	1,388	(5,656)	4,267
MEC				
Restricted cash	(7,532)	(2,485)	(6,540)	2,509
Accounts receivable	14,989	2,711	12,764	12,974
Prepaid expenses and other	(2,209)	836	(6,139)	(789)
Accounts payable and accrued liabilities	1,072	7,164	(11,940)	(17,429)
Income taxes	248	(4,720)	(275)	(666)
Loan Payable to MID	(640)	296	(251)	296
Deferred revenue	(12)	(880)	(1,539)	(4,606)
	5,916	2,922	(13,920)	(7,711)
Eliminations (note 16)	474	(823)	1,701	(823)
Consolidated	\$ 8,518	\$ 3,487	\$ (17,875)	\$ (4,267)

15. SEGMENTED INFORMATION

The Company's reportable segments reflect how the Company is organized and managed by senior management. The Company's operations are segmented in the Company's internal financial reports between wholly-owned operations (the Real Estate Business) and publicly-traded operations (MEC). The segregation of operations between wholly-owned and publicly-traded operations recognizes the fact that, in the case of the Real Estate Business, the Company's management has direct responsibility for the key operating, financing and resource allocation decisions, whereas, in the case of MEC, such responsibility resides with MEC's separate Board of Directors and executive management.

The Company's reporting segments are as follows:

Real Estate Business

The Real Estate Business owns real estate assets in Canada, Austria, the United States, Germany, Mexico, the United Kingdom, Poland, the Czech Republic, Belgium and Spain. Substantially all these real estate assets are leased to, or are under development for subsequent lease to, Magna's automotive operating units. The Real Estate Business also owns certain properties that are being held for future development or sale.

MEC

MEC operates or manages eleven thoroughbred racetracks, one standardbred racetrack and one racetrack that runs both thoroughbred and standardbred meets, as well as the simulcast wagering venues at these tracks. Two of MEC's racetracks (one in the United States and one in Austria) include casino operations with alternative gaming machines. In addition, MEC operates off-track betting facilities, a United States based national account wagering business known as XpressBet® and a European account wagering service known as MagnaBet™. MEC also owns and operates HorseRacing TV™, a television network focused on horseracing, and AmTote (note 2). In April 2006, MEC entered into an agreement with Churchill Downs Incorporated ("CDI") and Racing UK Limited to partner in a subscription television channel called "Racing World" that broadcasts races from MEC's and CDI's racetracks, as well as other North American and international racetracks, into the United Kingdom and Ireland. To support certain of MEC's thoroughbred racetracks, MEC owns and operates three thoroughbred training centres in the United States. MEC also owns and operates production facilities in Austria and in North Carolina for StreuFex™, a straw-based horse bedding product. In addition to

racetracks, MEC's real estate portfolio includes three residential developments in various stages of development in Austria, Canada and the United States.

The Company's interim consolidated statements of income (loss), consolidated statements of cash flows, and consolidated balance sheets have been arranged so as to provide detailed, discrete financial information on the Real Estate Business and MEC reporting segments.

16. TRANSACTIONS WITH RELATED PARTIES

Mr. F. Stronach, the Company's Chairman and the Chairman of Magna and MEC, and two other members of his family are trustees of the Stronach Trust. The Stronach Trust controls the Company through the right to direct the votes attaching to 66% of the Company's Class B Shares. The Stronach Trust also controls Magna through the right to direct the votes attaching to 66% of Magna's Class B Shares. As the Company and Magna are under the common control of the Stronach Trust, they are considered to be related parties for accounting purposes.

(a) MEC Bridge Loan and Project Financings

(i) MEC Bridge Loan

In July 2005, the MID Lender provided MEC with the MEC Bridge Loan of up to \$100.0 million expiring August 31, 2006. The MEC Bridge Loan bears interest, at MEC's option, at either (i) a floating rate equal to the U.S. 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 LIBOR contract maturity), in each case subject to a minimum rate of 9.0%. In February 2006, the MID Lender agreed to make the third tranche of the MEC Bridge Loan, in the amount of \$25.0 million, available to MEC and to waive compliance with a financial covenant contained in the MEC Bridge Loan in relation to Golden Gate Fields for the period ended December 31, 2005. Concurrently, a similar waiver was provided to MEC under the MEC Credit Facility. Upon the third tranche becoming available, MEC paid the MID Lender an arrangement fee of \$0.5 million and, in connection with the waiver, also paid a fee of \$250 thousand and all of the MID Lender's associated costs. In addition, MEC pays an annual commitment fee equal to 1.0% of the undrawn facility.

Also in February 2006, as a result of the fact that MEC had not, prior to December 1, 2005, entered into an agreement to sell The Meadows (note 4) subject only to the approval of the Pennsylvania Harness Racing Commission (the agreement of sale that MEC entered into was subject to an additional condition requiring receipt by The Meadows of a Conditional Category 1 slot licence pursuant to the Pennsylvania Race Horse Development and Gaming Act), the MEC Bridge Loan agreement was amended by the MID Lender and MEC in order to add certain MEC subsidiaries as additional guarantors and to have such subsidiaries grant the MID Lender additional security, including mortgages on properties owned by such subsidiaries in California, New York and Ohio.

As a result of the fact that on April 3, 2006 MEC received notice that its agreement to sell approximately 157 acres of under-utilized real estate in Palm Beach County, Florida had been terminated by the proposed purchaser (note 4), a mortgage in favour of the MID Lender was also registered against such real estate under the terms of the MEC Bridge Loan.

In July 2006, the MID Lender provided its consent under both the MEC Bridge Loan and the Gulfstream Park project financing facility (discussed below) to MEC entering into an amended share purchase agreement in connection with, and transferring ownership of, The Meadows (note 4). In connection with this consent, the MID Lender received an assignment of the two notes that were issued to MEC in exchange for The Meadows. At the same time, the maturity date of the MEC Bridge Loan was extended from August 31, 2006 to December 5, 2006 in anticipation of the final closing of the sale of The Meadows. In connection with the extension of the MEC Bridge Loan, the MID Lender received an extension fee of \$0.5 million (0.5% of the amount of the MEC Bridge Loan) and became entitled to receive an additional fee of \$0.5 million if MEC did not complete its sale of The Meadows by a deadline tied to certain milestones. MID also consented to MEC exercising its options to acquire the remaining 70% of AmTote (note 2), in return for which the MID Lender received a second-ranking security interest over AmTote (behind the bank lender under the MEC Credit Facility). In connection with the July 2006 amendments to the MEC Bridge Loan, MEC also amended and extended the terms of the MEC Credit Facility (note 7).

In August 2006, the MID Lender waived the requirement for MEC to repay a portion of the MEC Bridge Loan from proceeds (net of costs and related loan repayments) from the sale of the Magna Golf Club (note 3) in exchange for which the MID Lender received a fee of \$0.2 million (1% of such net proceeds). The MID Lender also agreed to a similar waiver and fee in the event that MEC sold the Fontana Golf Club (note 16(b)).

In September 2006, the MID Lender agreed to make available to MEC \$19.0 million of increased funding under the MEC Bridge Loan. The funds will be used by MEC solely to fund (i) operations and financing activities (including mandatory interest and principal repayments on debt), (ii) maintenance capital expenditures and (iii) capital expenditures required pursuant to the terms of MEC's joint venture arrangements with Forest City Enterprises, Inc. ("Forest City") and Caruso Affiliated ("Caruso") (note 17). MEC is required to use the proceeds from the sale of The Meadows (note 4) to fully repay the MEC Bridge Loan, including the increased \$19.0 million of available funding. As part of the increased financing, the MEC Bridge Loan was further amended to provide that in the event that MEC did not complete its sale of The Meadows as scheduled, the interest rate for all amounts under the MEC Bridge Loan would be increased by 2.5% per annum. The MID Lender charged MEC an arrangement fee of \$0.2 million (1% of the increased funding) in connection with these amendments to the MEC Bridge Loan. All other material terms and conditions of the MEC Bridge Loan remain unchanged.

The Company now anticipates that the closing of The Meadows sale (note 4) and the repayment of the First Note will occur on or about November 14, 2006. Accordingly, as a result of failing to meet certain deadlines specified in the MEC Bridge Loan, (a) the interest rate for all amounts under the MEC Bridge Loan was increased by 2.5% per annum effective November 7, 2006 and (b) MEC became obligated to pay to the MID Lender, promptly following closing of the sale of The Meadows, a fee of \$0.5 million if (i) MEC or any of its subsidiaries receives any interest payments on the notes issued in connection with the sale of The Meadows as a result of the delay in the closing of such sale or (ii) the sale of The Meadows does not close on or before November 17, 2006 (which date was extended by the MID Lender from November 3, 2006).

As at September 30, 2006, there was a balance of \$100.4 million (December 31, 2005 – \$74.7 million) due under the MEC Bridge Loan, including \$0.4 million (December 31, 2005 – \$0.6 million) of interest, costs and fees receivable.

(ii) MEC Project Financings

The MID Lender has made available two separate project financing facilities to the wholly-owned subsidiaries of MEC that own and/or operate Gulfstream Park and Remington Park (the "MEC Project Financing Facilities"). The MEC Project Financing Facilities have a term of 10 years (except as described below for the new tranche of the Gulfstream Park project financing facility) from the relevant completion dates for the construction projects at Gulfstream Park and Remington Park, which occurred in February 2006 and November 2005, respectively.

Prior to the relevant completion date, amounts outstanding under each of the MEC Project Financing Facilities bore 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. Since the relevant completion date, amounts outstanding under each of the MEC Project Financing Facilities bear interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, payment of interest will be deferred. However, commencing on the completion date for Remington Park, under certain circumstances a portion of cash from the operations of the Remington Park borrower must be used to pay deferred interest on the Remington Park project financing facility plus a portion of the principal under the facility equal to the deferred interest on the Gulfstream Park project financing facility. During the three-month and nine-month periods ended September 30, 2006, \$1.6 million and \$3.4 million, respectively, of such amounts were repaid. Commencing January 1, 2007, the MID Lender will receive monthly blended payments of principal and interest based on a 25-year amortization period under each of the MEC Project Financing Facilities.

In July 2006, the Gulfstream Park project financing facility was amended by adding a new tranche of up to \$25.8 million (plus costs and deferred interest) to fund MEC's design and construction of a slot machine facility to be located in the existing Gulfstream Park clubhouse building, as well as related capital expenditures and start-up costs, including the acquisition and installation of the initial batch of slot machines. The new tranche of the Gulfstream Park project financing facility has a five-year term. Advances relating to the slot machine facility are made available by way of progress draws and there is no prepayment penalty associated with the new tranche. At the same time, the Gulfstream Park project financing facility was further amended to introduce a mandatory annual cash flow sweep of not less than 75% of Gulfstream Park's total excess cash flow, after permitted capital expenditures and debt service, to be used to repay the additional principal amount being made available under

the new tranche. All other terms of the existing Gulfstream Park project financing facility remain unchanged, including that the facility will continue to be cross-guaranteed, cross-defaulted and cross-collateralized with the Remington Park project financing facility. The MID Lender charged a fee of 1% of the amount of the new tranche as consideration for the amendments, which amount has been capitalized under the Gulfstream Park project financing facility.

In June 2006, MID consented to the release and transfer to MEC of up to an aggregate of \$10.0 million of funds from the subsidiaries that operate the racetracks at Gulfstream Park and Remington Park, subject to approval by MID management over the amount and timing of such releases. Such funds, which would ordinarily be “trapped” at the applicable subsidiaries pursuant to the terms of the MEC Project Financing Facilities, are in excess of the existing cash requirements of the applicable subsidiaries and are to be used by MEC solely to fund payments that are necessary in connection with the operation of the business of MEC and that cannot be deferred on a commercially reasonable basis. The MID Lender received waiver fees of \$0.1 million (1% of the amounts released), which fees were capitalized under the applicable project financing facility. In the three months ended June 30, 2006, \$3.6 million of these funds were released and the remaining \$6.4 million was released in the three months ended September 30, 2006.

As at September 30, 2006, there were balances of \$131.3 million (December 31, 2005 – \$97.1 million) and \$7.1 million (December 31, 2005 – nil), including \$13.1 million (December 31, 2005 – \$21.0 million) and \$0.3 million (December 31, 2005 – nil) of deferred interest, due under the initial tranche and the additional slots tranche, respectively, of the Gulfstream Park project financing facility. A balance of \$32.4 million (December 31, 2005 – \$21.0 million), including \$0.4 million of deferred interest (December 31, 2005 – \$0.3 million) was due under the Remington Park project financing facility.

In connection with the Gulfstream Park project financing facility, MEC had placed into escrow (the “Gulfstream Escrow”) with the MID Lender \$13.0 million of proceeds from an asset sale which occurred in fiscal 2005 and certain additional amounts necessary to ensure that future Gulfstream Park construction costs can be funded, which escrowed amount has been and will be applied against such construction costs. At September 30, 2006, the amount held under the Gulfstream Escrow (including accrued interest) was \$7.1 million (December 31, 2005 – \$13.7 million), including \$1.4 million to cover liens on the property, and is reflected as restricted cash and due to MEC on the balance sheet of the Real Estate Business.

Approximately \$9.8 million of costs have been incurred, including \$1.2 million and \$2.6 million in the three months and nine months ended September 30, 2006, respectively, in association with the MEC Bridge Loan and the MEC Project Financing Facilities. At the MEC segment level, these costs are recognized as deferred financing costs and are being amortized into interest expense (of which a portion has been capitalized in the case of the MEC Project Financing Facilities), over the respective term of the MEC Bridge Loan and each of the MEC Project Financing Facilities. At a consolidated level, such costs are charged to general and administrative expenses in the periods in which they are incurred.

All interest and fees charged by the Real Estate Business relating to the MEC Bridge Loan and MEC Project Financing Facilities, including any capitalization and subsequent amortization thereof by MEC, and any adjustments to MEC’s related deferred financing costs, are eliminated from the Company’s consolidated results of operation and financial position.

(b) MEC’s Sales to Magna

On March 31, 2006, MEC sold a real estate property held for sale and located in the United States to Magna. A gain on sale of \$2.9 million was recognized based on the cash consideration received, net of transaction costs, of \$5.6 million. MEC was required to use the net proceeds from this transaction to repay principal amounts outstanding under the MEC Credit Facility (note 7).

On August 25, 2006, a wholly-owned subsidiary of MEC completed the sale of the Magna Golf Club located in Aurora, Ontario to Magna (note 3).

On November 1, 2006, a wholly-owned subsidiary of MEC sold its interest in the entity that owns and operates the Fontana Golf Club located in Oberwaltersdorf, Austria to a subsidiary of Magna for a sale value of 30.0 million euros (\$38.3 million). MEC will receive cash proceeds of approximately 13.2 million euros (\$16.9 million) and approximately 16.8 million euros (\$21.4 million) of debt, including accrued interest, has been assumed by Magna.

(c) MEC Option

During the nine months ended September 30, 2006, a subsidiary of MEC extended its option agreement with MID to acquire 100% of the shares of the MID subsidiary that owns land in Romulus, Michigan to October 6, 2006 for aggregate fees of \$64 thousand. Subsequent to September 30, 2006, the option was extended to December 15, 2006 for aggregate fees of \$36 thousand. In November 2006, the option agreement was amended to cover only a portion of the lands held by the MID subsidiary and the exercise price was reduced accordingly to approximately \$19.9 million.

At September 30, 2006, MEC had incurred approximately \$2.9 million of costs related to this property and in pursuit of the racing licence for the site. If MID and MEC do not renew or further extend the option agreement, MEC may incur a write-down of these costs.

(d) Hurricane Katrina Relief Effort

In October 2005, the Company purchased 791 acres of land in Simmesport, Louisiana for \$2.4 million. In 2006, the Company intends to donate up to 50 acres of this land to a not-for-profit organization established to assist Hurricane Katrina redevelopment efforts with charitable funding from Magna and other Canadian sources. The founding members and officers of this not-for-profit organization are officers and employees of MID and Magna. At September 30, 2006, the Company has accrued a liability of \$0.4 million for the estimated value of the land to be donated.

The Company and the not-for-profit organization are currently evaluating alternatives with respect to the remaining parcel of land. Magna has committed to fund the cost of land improvements and manufactured homes for the development of this community through the not-for-profit organization.

17. COMMITMENTS AND CONTINGENCIES

- (a) In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with, among others, customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.
- (b) On August 2, 2005, Greenlight Capital, Inc. and certain of its affiliates filed an oppression application in the Ontario Superior Court of Justice against the Company and certain of its current and former directors and officers. The Company viewed the oppression application as without merit and vigorously defended against it. The hearing of the application concluded on March 1, 2006 and the judge reserved his decision on the matter. On October 30, 2006, Justice J.D. Ground of the Ontario Superior Court of Justice rendered his judgment and dismissed the oppression application.
- (c) MEC generates a substantial amount of its revenues from wagering activities and is subject to the risks inherent in the ownership and operation of a racetrack. These include, among others, the risks normally associated with changes in the general economic climate, trends in the gaming industry, including competition from other gaming institutions and state lottery commissions, and changes in tax laws and gaming laws.
- (d) The Company had \$5.4 million (Real Estate Business – \$3.4 million; MEC – \$2.0 million) of letters of credit issued with various financial institutions at September 30, 2006 to guarantee various of its construction projects. These letters of credit are secured by cash deposits of the Company. The Company has also issued \$0.3 million of letters of credit under the Real Estate Business' \$50.0 million unsecured senior revolving credit facility and \$23.5 million of letters of credit under the MEC Credit Facility.
- (e) MEC has provided indemnities related to surety bonds and letters of credit issued in the process of obtaining licences and permits at certain racetracks and to guarantee various construction projects related to activities of its subsidiaries. As at September 30, 2006, these indemnities amounted to \$7.1 million with expiration dates through 2007.
- (f) At September 30, 2006, the Company's contractual commitments related to construction and development projects outstanding amounted to approximately \$9.4 million (Real Estate Business – \$0.5 million; MEC – \$8.9 million).

- (g) During the three months ended September 30, 2006, the Real Estate Business entered into a commitment to purchase an 83 thousand square foot building and 15.5 acres of land in the United States from a third party for approximately \$5.6 million, plus transaction costs. The closing of this acquisition is scheduled for the end of November 2006. On closing, the Real Estate Business will assume an existing lease with a subsidiary of Magna for the entire property.
- (h) In October 2003, MEC signed a Letter of Intent to explore the possibility of a joint venture between Forest City and various affiliates of MEC, anticipating the development of a portion of the Gulfstream Park racetrack property. Forest City paid \$2.0 million to MEC in consideration for its right to work exclusively with MEC on this project. This deposit is included in MEC's accounts payable and accrued liabilities on the Company's unaudited interim consolidated balance sheets. In 2005, MEC entered into a Limited Liability Company Agreement with Forest City concerning the planned development of "The Village at Gulfstream ParkTM". That agreement contemplates the development of a mixed-use project consisting of residential units, parking, restaurants, hotels, entertainment, retail outlets and other commercial use projects on a portion of the Gulfstream Park property. Forest City is required to contribute up to a maximum of \$15.0 million as an initial capital contribution. The \$2.0 million deposit received to date from Forest City will constitute the final \$2.0 million of the initial capital contribution. MEC is obligated to contribute 50% of any and all equity amounts in excess of \$15.0 million as and when needed. To September 30, 2006, MEC has not made any such contributions. In the event the development does not proceed, MEC may have an obligation to fund a portion of the pre-development costs incurred to that point in time. As at September 30, 2006, approximately \$12.2 million of costs have been incurred by The Village of Gulfstream Park, LLC, which have been funded entirely by Forest City. The Limited Liability Company Agreement also contemplates additional agreements including a ground lease, a reciprocal easement agreement, a development agreement, a leasing agreement and a management agreement to be executed by MEC in due course and upon the satisfaction of certain conditions.
- (i) In April 2004, MEC signed a Letter of Intent to explore the possibility of joint ventures between Caruso and certain affiliates of MEC to develop certain undeveloped lands surrounding Santa Anita Park and Golden Gate Fields racetracks. Upon execution of this Letter of Intent, MEC agreed to fund 50% of approved pre-development costs in accordance with a preliminary business plan for each of these projects, with the goal of entering into operating agreements. As at September 30, 2006, MEC has expended \$5.2 million on this initiative, of which \$3.4 million was paid in the nine months ended September 30, 2006. These amounts have been included in MEC's real estate properties on the Company's unaudited interim consolidated balance sheets. Under the terms of the Letter of Intent, MEC may be responsible to fund additional costs. To September 30, 2006, MEC has not made any such payments. On September 28, 2006, certain of MEC's affiliates entered into definitive operating agreements with Caruso regarding the proposed development of approximately 51 acres of undeveloped land surrounding Santa Anita Park.
- (j) A subsidiary of MEC participates in a multi-employer defined benefit pension plan for which the pension plan's total vested liabilities exceed the plan's assets. Based on allocation information provided by the plan, the portion of the estimated unfunded liability for vested benefits attributable to MEC's subsidiary is approximately \$3.7 million. Under specific circumstances, a "withdrawal liability" may be triggered by certain actions, including a withdrawal from the pension plan, which is not presently intended.