

FORM 27

Securities Act

MATERIAL CHANGE REPORT UNDER  
SECTION 75(3) OF THE ACT

1. Reporting Issuer

The reporting issuer is Magna Entertainment Corp. (the "Corporation"), a corporation incorporated under the laws of the State of Delaware and having its registered office located at 1209 Orange Street, Wilmington, Delaware 19801, USA and its principal executive offices at 2001 Wilshire Boulevard, Suite 400, Santa Monica, California 90403, USA.

2. Date of Material Change

The material change occurred on November 10, 2000.

3. Press Release

On November 10, 2000, the Corporation issued a press release and delivered such press release to the Ontario Securities Commission and the other Canadian securities regulatory authorities, The Toronto Stock Exchange, The NASDAQ Stock Market and the U.S. Securities & Exchange Commission and to Canada NewsWire for publication and dissemination through its North American Disclosure Network which includes its USA and Canadian Disclosure Networks, United States US1 Network, Investor Research Wire and on-line and databases connections.

4. Summary of Material Change

On November 10, 2000, the Corporation issued a press release in which the Corporation announced its financial results for the nine month period ended September 30, 2000 and the resignation of David Mitchell as Executive Vice-President and Chief Financial Officer and the appointment of Graham J. Orr as Executive Vice-President and Chief Financial Officer. The full text of the press release issued by the Registrant is filed as Exhibit 1 and is incorporated herein by reference.

5. Full Description of Material Change

On November 10, 2000, the Corporation issued a press release in which the Corporation announced its financial results for the nine month period ended September 30, 2000 and the resignation of David Mitchell as Executive Vice-President and Chief Financial Officer and the appointment of Graham J. Orr as Executive Vice-President and Chief Financial Officer. The full text of the press release issued by the Registrant is filed as Exhibit 1 and is incorporated herein by reference.

6. Reliance on Section 75(3) of the Act

This report is not being filed on a confidential basis.

7. Omitted Information

Not applicable.

8. Senior Officers

For further information, please contact J. Brian Colburn, Secretary of the Corporation at 905-726-7022.

9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Santa Monica, California as of the 10<sup>th</sup> day of November, 2000.

/s/ J. Brian Colburn

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J. Brian Colburn  
Secretary

**MAGNA ENTERTAINMENT CORP.**

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**PRESS RELEASE**

**MAGNA ENTERTAINMENT CORP.  
ANNOUNCES RESULTS FOR THE THIRD QUARTER**

November 10, 2000, Santa Monica, California.....Magna Entertainment Corp. ("MEC") (NASDAQ: MIEC; TSE: MIE.A, MEH) today reported its financial results for the third quarter and nine months ended September 30, 2000.

	Third Quarter Ended <sup>(1)</sup> September 30,		Nine Months Ended <sup>(1)</sup> September 30,	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Revenue	\$ 39,590	\$ 10,419	\$ 174,160	\$ 71,121
Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization	\$ (4,063)	\$ (6,346)	\$ 31,503	\$ 12,333
Net Income (Loss)	\$ (5,110)	\$ (5,090)	\$ 9,622	\$ 3,000
Diluted earnings (loss) per share	\$ (0.06)	\$ (0.06)	\$ 0.12	\$ 0.04

(1) All amounts are reported in thousands of U.S. dollars, except per share figures.

The Company's horse racetrack business is seasonal in nature. Generally, the Company's horse racetrack revenues are greater in the first and second quarters of the calendar year than in the third and fourth quarters because the Company's premier racetracks, Santa Anita Park, Golden Gate Fields and Gulfstream Park run live meets principally during the first half of the calendar year. This seasonality can be expected to cause significant quarterly fluctuations in revenue, earnings and diluted earnings per share.

Revenue, net of purses, for the nine months ended September 30, 2000 was \$174.2 million, earnings before interest, taxes, depreciation and amortization were \$31.5 million, net income was \$9.6 million and diluted earnings per share were \$0.12. Revenue, net of purses, for the third quarter ended September 30, 2000 was \$39.6 million, the loss before interest, taxes, depreciation and amortization was \$4.1 million, net loss was \$5.1 million and diluted loss per share was \$0.06.

The financial results for third quarter 2000 reflect the full quarter's live racing and simulcast operations for all of the Company's racetracks. The financial results for third quarter 1999 reflect only the operations of Santa

Anita Park racetrack for the full three months and Gulfstream Park racetrack for the month of September 1999, as they were the only racetracks owned by the Company during this comparative reporting period. For the nine months ended September 30, 1999 the financial results reflect nine months' operations of Santa Anita Park and one months' operations for Gulfstream Park, as they were the only tracks owned by the Company during that reporting period.

During the third quarter of 2000, cash used for operations, before changes in non-cash working capital, was \$5.8 million. Total investment activities provided net cash of \$10.8 million, including \$16.8 million of proceeds on the disposition of real estate partially offset by fixed asset additions of \$5.5 million. Also, during the third quarter, bank indebtedness of \$4.7 million was repaid.

The Company also announced the expansion of its executive management team. Graham J. Orr was appointed as Executive Vice-President and Chief Financial Officer at a meeting of the Company's Board of Directors today, following the Board's acceptance of the resignation of Mr. David Mitchell from these positions. Mr. Orr was formerly the Executive Vice-President, Corporate Development of Magna International Inc., the Company's controlling shareholder, where he directed the corporate development, treasury/insurance and investor relations functions for the last eight years. Previous to that he held a number of senior financial positions within Magna including Executive Vice-President and Chief Financial Officer of Decoma International and was a partner for eight years at KPMG, one of the world's leading providers of assurance, tax, legal, consulting and financial advisory services.

During the remainder of the fiscal year, management will continue to focus its attention on best practices and synergies at the property level to lay the foundation for long-term improvements in track operating results. In the short term, the Company anticipates the impact of new tax legislation in Florida equalizing the pari-mutuel tax structure for all racetracks will improve operating performance.

The Company's previously announced real estate disposition program continues on target with \$16.8 million in proceeds during the quarter and \$25.0 million year to date. In total, the Company's real estate sales generated gains of \$3.7 million and \$6.1 million in the third quarter and first nine months, respectively. Furthermore, the Company has entered into property sales agreements providing anticipated proceeds of approximately \$11.0 million in the fourth quarter.

The Company, one of the largest operators of premier horse racetracks in the United States, acquires, develops and operates horse racetracks and related pari-mutuel wagering operations. These racetracks, which include Santa Anita Park and Golden Gate Fields in California, Gulfstream Park in Florida, Remington Park in Oklahoma, Thistledown in Ohio and Great Lakes Downs in Michigan accounted for approximately 23% of the amounts wagered on pari-mutuel racing in the United States in 1999. In addition, the previously announced acquisition of Bay Meadows, in California is expected to close in the fourth quarter. As a complement to its horse racetrack business, the Company is exploring the development of media sports wagering operations, including telephone account, interactive television and Internet-based wagering, as well as certain leisure and retail-based real estate projects.

The Company will hold a conference call to discuss the third quarter results on Monday, November 13, 2000 at 12:00 noon New York time (E.S.T.). The number to use for this call is 1-800-416-4607. Please call 10 minutes prior to the conference call. The overseas number to call is 1-415-908-4740. The conference call will be chaired by Mark B. Feldman, President and Chief Executive Officer, and Graham Orr, Executive Vice-President and Chief Financial Officer. For further information, please contact Graham Orr at (310) 315-5125.

This press release contains various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). The Act provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this press release are made pursuant to the Act. The reader is cautioned that these statements represent our judgment concerning the future and are subject to risks and uncertainties that could cause our actual operating results and financial condition to differ materially. Forward-looking statements are typically identified by the use of terms such as "may," "will," "expect," "anticipate," "estimate," and similar words, although some forward-looking statements are expressed differently. Although we believe that the expectations reflected in such forward-looking statements are reasonable we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: the impact of competition from operators of other racetracks and from other forms of gaming (including from Internet and on-line wagering); a substantial change in law or regulations affecting our gaming activities; a substantial change in allocation of live racing days; our continued ability to effectively compete for the country's top horses and trainers necessary to field high-quality horse racing; our continued ability to complete expansion projects designed to generate new revenues and attract new patrons; our ability to sell some of our real estate when we need to or at a price we want; the impact of inclement weather; and our ability to integrate recent racetrack acquisitions.

**MAGNA ENTERTAINMENT CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

[Unaudited]

[United States dollars in thousands,  
except per share figures]

	Three months ended		Nine months ended	
	September 30, 2000	September 30, 1999	September 30, 2000	September 30, 1999
<b>Revenue</b>				
Racetrack				
Wagering, net of purses	9,882	1,890	96,852	40,156
Non-wagering	8,092	2,866	38,424	18,798
Real estate				
Sale of real estate	16,766	-	25,035	-
Rental and other	4,850	5,663	13,849	12,167
	39,590	10,419	174,160	71,121
<b>Costs and expenses</b>				
Racetrack				
Operating costs	21,077	8,711	97,021	42,299
General and administrative	3,942	1,855	11,019	3,778
Real estate				
Cost of real estate sold	13,070	-	18,984	-
Operating costs	4,490	5,111	11,650	11,197
General and administrative	253	873	721	1,299
Predevelopment and other costs	821	215	3,262	215
Depreciation and amortization	4,792	1,642	14,744	4,676
Interest expense	584	550	1,950	1,259
Interest income	(755)	(935)	(2,156)	(995)
	48,274	18,022	157,195	63,728
(Loss) income before income taxes	(8,684)	(7,603)	16,965	7,393
Income tax (benefit) provision	(3,574)	(2,513)	7,343	4,393
Net (loss) income	(5,110)	(5,090)	9,622	3,000
Other comprehensive loss (income):				
Foreign currency translation adjustment	7,413	(3,414)	13,742	3,908
Comprehensive loss	(12,523)	(1,676)	(4,120)	(908)
<b>(Loss) earnings per share of Class A Subordinate</b>				
Voting Stock, Class B Stock or Exchangeable Share:				
Basic				
Diluted	\$ (0.06)	\$(0.06)	\$ 0.12	\$ 0.04
	\$ (0.06)	\$(0.06)	\$ 0.12	\$ 0.04
<b>Average number of shares of Class A Subordinate</b>				
Voting Stock, Class B Stock and Exchangeable				
Shares [in thousands]:				
Basic	80,466	78,535	80,407	78,535
Diluted	80,466	78,535	80,411	78,535

**MAGNA ENTERTAINMENT CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

[Unaudited]

[United States dollars in thousands]

	Three months ended		Nine months ended	
	September 30, 2000	September 30, 1999	September 30, 2000	September 30, 1999
<b>Cash provided from (used for):</b>				
<b>OPERATING ACTIVITIES</b>				
Net income	(5,110)	(5,090)	9,622	3,000
Items not involving current cash flows	(660)	1,669	6,642	5,393
	(5,770)	(3,421)	16,264	8,393
Changes in non-cash working capital	(3,056)	3,293	(29,007)	(7,149)
Net cash provided from (used for)				
Operating Activities	(8,826)	(128)	(12,743)	1,244
<b>INVESTMENT ACTIVITIES</b>				
Acquisition of business	-	(81,204)	(1,770)	(87,579)
Real estate property and fixed asset additions	(5,539)	(27,442)	(14,306)	(34,600)
Proceeds on sale of real estate	16,766	-	25,035	-
Proceeds (cost) on real estate sold to Magna	-	-	6,147	-
Other assets disposals (additions)	(397)	-	1,352	-
Net cash provided from (used for)				
Investing Activities	10,830	(108,646)	16,458	(122,179)
<b>FINANCING ACTIVITIES</b>				
Increase (decrease) in bank indebtedness	(4,703)	(442)	(6,759)	(2,489)
Increase of (repayment of) long-term debt	125	(3,094)	(6,642)	(3,198)
Issue of Class A Subordinate Stock	-	-	1,846	-
Contributed capital, net of tax	-	-	1,352	-
Decrease in note payable to Magna	-	(135,968)	-	(111,622)
Net contribution by Magna	-	256,414	-	244,294
Net cash provided from (used for)				
Financing Activities	(4,578)	116,910	(10,203)	126,985
Effect of exchange rate changes on cash and cash equivalents	(527)	(2)	(582)	(9)
Net increase (decrease) in cash and cash equivalents during the period	(3,101)	8,134	(7,070)	6,041
Cash and cash equivalents, beginning of period	46,691	15,410	50,660	17,503
Cash and cash equivalents, end of period	43,590	23,544	43,590	23,544

**MAGNA ENTERTAINMENT CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*[Unaudited]*

*[United States dollars in thousands]*

	<b>September 30, 2000</b>	<b>December 31, 1999</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	43,590	50,660
Restricted cash	6,600	7,752
Accounts receivable	26,118	25,887
Prepaid expenses and other	3,926	3,931
	80,234	88,230
Real estate properties and fixed assets, net	538,171	564,789
Other assets, net	96,529	100,967
Deferred income taxes	6,176	6,367
	721,110	760,353
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Bank indebtedness	93	7,259
Accounts payable and other liabilities	38,675	66,151
Income taxes payable	9,031	7,554
Long-term debt due within one year	12,833	19,119
	60,632	100,083
Long-term debt	23,664	19,506
Other long-term liabilities	412	494
Deferred income taxes	90,237	93,183
Shareholders' equity:		
Capital stock issued and outstanding -		
Class A Subordinated Voting Stock	100,299	11,500
Exchangeable Shares	58,408	110,000
Class B Stock	394,094	429,455
Contributed surplus	1,352	-
Retained earnings (deficit)	7,191	(2,431)
Accumulated comprehensive loss	(15,179)	(1,437)
	546,165	547,087
	721,110	760,353