



SENTINEL HILL

Investor First Name Investor Last Name
Address, Address 1
City, Province Postal

August 27, 2008

Dear Investor First Name Investor Last Name:

**RE: SHAAE (2001) Master Limited Partnership
Status of Appeal of Canada Revenue Agency Notices of Determination**

We are writing this letter to the Limited Partners of SHAAE (2001) Master Limited Partnership (the “2001 Partnership”) to report to you on the activities of the 2001 Partnership and, in particular, the current status of the Appeal of the Canada Revenue Agency (“CRA”) Notices of Determination issued on March 29, 2005.

Our last correspondence to you on this matter was on April 26, 2005. At that time, as required, Notices of Objection were filed on behalf of the 2001 Partnership moving the matter to the Appeals Division of CRA. Since filing the Notices of Objection, CRA has continued to delay in dealing with the issues under Appeal, pending a resolution of similar outstanding matters relating to both the Sentinel Hill 1998 Master Limited Partnership (the “1998 Partnership”) and the Sentinel Hill 1999 Master Limited Partnership (the “1999 Partnership”).

On August 25, 2006, after a breakdown in settlement discussions with the CRA, Notices of Confirmation were issued by the CRA in respect of the 1999 Partnership. These Notices confirmed CRA’s earlier Notices of Determination issued for the 1999 Partnership (denying the deduction of a significant portion of its expenses). Our counsel advised us at the time that CRA intended to similarly confirm the reassessments of investors in the 1998 Partnership, and the Determination of the losses of the 2001 Partnership and that these confirmations, when received, would need to be appealed to the Tax Court of Canada. CRA did, in fact, later confirm the reassessments of investors in the 1998 Partnership, and Sentinel Hill Entertainment Corporation (“SHEC”) did, as required, subsequently file Notices of Appeal to the Tax Court of Canada for both the 1998 investors and the 1999 Partnership.

We fully expected that we would be contacting you after receipt from the CRA of the Notice of Confirmation of the 2001 Partnership Determination, however, remarkably this Notice has still not been sent by the CRA although two years have passed. Nonetheless, we feel it is appropriate at this time that we contact you to bring you up to date on recent developments, particularly with regard to the 1999 Partnership. These developments are

in many respects relevant for the 2001 Partnership. Included with this covering letter are two reporting letters sent to the limited partners of the 1999 Partnership, one dated May 20, 2008 and the second dated August 5, 2008. The detailed information contained in these letters will provide you with an appreciation of the obstacles we have been facing in attempting to move the issues forward.

Action Planned for the Partnership – Appeal to Tax Court

The delay in activity by the CRA regarding the Determination of the 2001 Partnership is unacceptable. We believe the matter will only be resolved by resorting to an appeal to the Tax Court of Canada. We will be writing to you in the early fall to advise you of our plan to file a Notice of Appeal to the Tax Court. This will terminate the non-existent discussions with the Appeals Division of the CRA and will, hopefully, move the matter forward to be resolved by litigation. Though this is a costly and potentially lengthy process, we believe it is the only way in which we can satisfactorily resolve the matter and protect the integrity of the 2001 Partnership deductions which were the subject of a comprehensive, binding Advance Income Tax Ruling from the CRA.

Recent Calls to Investors from the CRA

On a final note, we have been recently alerted by some of our SHAAE (2001) Master Limited Partnership investors that Mr. Andrew Winkelstein of the CRA has been telephoning them requesting information. We have not been notified that Mr. Winkelstein is auditing Sentinel Hill, however, we do know he is auditing at least one company affiliated with Alliance Atlantis. We suggest that if you receive a call from Mr. Winkelstein, or anyone else claiming to be with the CRA, that you do not answer any questions verbally but instead insist that they make their request to you in writing. If necessary, we are available to assist with any requests for documentation.

If you have any questions or require more information, please contact Eau-Vive Rivest, Investor Relations Manager at 604-692-2414 or by email at erivest@sentinelhill.com after September 2, 2008.

Yours truly,

Sentinel Hill Productions IV Corporation

A handwritten signature in black ink, appearing to be "A.R.", written over a horizontal line.

Per: