

**PRESS RELEASE**

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**May 12, 2008**

**NEBRASKA DISTRIBUTION**

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.  
REPORTS FIRST QUARTER FINANCIAL RESULTS**

Omaha, NE- May 12, 2008- On May 9, 2008, America First Tax Exempt Investors, L.P. and subsidiary (NASDAQ: ATAXZ) (the “Company”), reported its financial results for the quarter ended March 31, 2008 on its Quarterly Report on Form 10-Q. The Company reported net income of \$13,000 and net income allocated to Beneficial Unit Certificate (“BUC” or “share”) holders of \$660,000 or \$0.05 per share for the quarter ended March 31, 2008.

As discussed further below, management utilizes a calculation of Cash Available for Distribution (“CAD”) as a means to determine the Company’s ability to make distributions to BUC holders. We believe that CAD provides relevant information about the Company’s operations and is necessary along with net income for an understanding of the Company’s operating results. CAD generated during the quarter was \$1.5 million, or \$0.11 per share. This compares to CAD generated in the first quarter of 2007 of approximately \$1.3 million, or \$0.13 per share, and CAD generated in the fourth quarter of 2007 of approximately \$1.4 million, or \$0.11 per share.

CAD generated in the first quarter fell short of the quarterly distribution of \$0.135 per share due primarily to higher borrowing costs. Our borrowing costs increased during the fourth quarter of 2007, and remain at an increased level, as a direct result of recent credit losses and rating downgrades experienced by the our main credit provider resulting in higher credit facility costs which are passed on to the Company. As of March 31, 2008, the total outstanding debt subject to these increased borrowing costs was approximately \$71.4 million. Alternative financing vehicles are currently being explored in order to reduce interest expense and provide access to new leverage financing on reasonable terms. We have not entered into any agreements with respect to any such alternative debt financing and there can be no assurances that we will be able to do so.

Notwithstanding the current issues being experienced by the Company in its variable rate borrowing program, we believe it is prudent to continue to pursue our repositioning and growth strategy, the principal objective of which is to increase CAD through the improvement of the quality and performance of its revenue bond portfolio thereby creating value for investors. To this end, we acquired two new Multifamily Housing Revenue Bond investments in 2008 totaling approximately \$12.4 million in par value. We also took advantage of an opportunity to sell two revenue bond investments, one in March and one in April. Both sales were completed at, or slightly above, the bond par values and resulted in sale proceeds of approximately \$14.9 million. A portion of the sale proceeds was used in April to pay down \$6.5 million of outstanding debt thereby reducing our exposure to increased borrowing costs. Remaining sale proceeds may be used for the further reduction of outstanding debt or for general business purposes.

The well publicized turmoil within the credit markets has had a significant impact on many entities. The Company continues to stress the following commentary on our business:

The Company is in the business of investing in tax-exempt mortgage revenue bonds secured by first mortgages on multifamily housing projects throughout the United States which it holds as long-term investments. The Company is not in the business of making mortgage loans secured by mortgages on single-family residential properties, including those categorized as subprime, and does not invest in securities backed by such mortgages. The Company continues to be pleased with the performance of its bond portfolio and the debt service coverage and loan to value aspects of the portfolio.

The Company believes continued subprime and single family mortgage defaults may help its business by creating additional demand for affordable rental housing. It also feels the current tightening of credit may create opportunities for additional investments consistent with the Company's investment strategy. While the current environment may create new investing opportunities it has also created new challenges for the Company in the form of increased borrowing costs as discussed above. While the Company believes that issues currently being experienced in its credit facilities are short-term in nature and likely to be resolved there can be no assurance that the increased cost of borrowing will not continue for an extended period of time. If we are unable to obtain alternative financing and the current increased borrowing costs continue the annual distribution may need to be reduced.

The Company and its predecessor partnership have been continuously operating this business since 1985 and have consistently distributed tax-exempt income to our investors for 91 consecutive quarters.

In summary, the Company remains committed to executing its business plan and generating steady, predictable distributions of predominantly tax exempt income to its investors.

### **Cash Available for Distribution (“CAD”)**

Management utilizes a calculation of Cash Available for Distribution (“CAD”) as a means to determine the Partnership's ability to make distributions to BUC holders. The General Partner believes that CAD provides relevant information about the Partnership's operations and is necessary along with net income for an understanding of the Partnership's operating results. To calculate CAD, amortization expense related to debt financing costs and bond reissuance costs, Tier 2 income due to the General Partner as defined in the Partnership's Agreement of Limited Partnership, interest rate derivative expense or income, provision for loan losses, impairments on bonds and losses related to variable interest entities (“VIE's”) including depreciation expense are added back to the Company's net income (loss) as computed in accordance with accounting principles generally accepted in the United States of America (“GAAP”). There is no generally accepted methodology for computing CAD, and the Company's computation of CAD may not be comparable to CAD reported by other companies. Although the Company considers CAD to be a useful measure of its operating performance, CAD should not be considered as an alternative to

net income or net cash flows from operating activities which are calculated in accordance with GAAP.

The following tables show the calculation of CAD for the quarters ended March 31, 2008 and 2007.

	For the Three Months Ended March 31, 2008	For the Three Months Ended March 31, 2007
Net income	\$ 13,402	\$ 938,777
Net loss related to VIEs and eliminations due to consolidation	652,783	315,884
Net income before impact of VIE consolidation	666,185	1,254,661
Change in fair value of derivatives and interest rate cap amortization	183,191	31,953
Depreciation and amortization expense (Partnership only)	630,198	6,658
CAD	<u>\$ 1,479,574</u>	<u>\$ 1,293,272</u>

	For the Three Months Ended March 31, 2008	For the Three Months Ended March 31, 2007
CAD	\$ 1,479,574	\$ 1,293,272
Weighted average number of units outstanding, basic and diluted	13,512,928	9,837,928
Net income, basic and diluted, per unit	\$ 0.05	\$ 0.13
CAD per unit	\$ 0.11	\$ 0.13

### **About America First Tax Exempt Investors, L.P.**

America First Tax Exempt Investors, L.P. was formed for the primary purpose of acquiring, holding, selling and otherwise dealing with a portfolio of federally tax-exempt mortgage revenue bonds which have been issued to provide construction and/or permanent financing of multifamily residential apartments. The Company is pursuing a business strategy of acquiring additional tax-exempt mortgage revenue bonds on a leveraged basis in order to: (i) increase the amount of tax-exempt interest available for distribution to its investors; (ii) reduce risk through asset diversification and interest rate hedging; and (iii) achieve economies of scale. The Company seeks to achieve its investment growth strategy by investing in additional tax-exempt mortgage revenue bonds and related investments, taking advantage of attractive financing structures available in the tax-exempt securities market and entering into interest rate risk management instruments. America First Tax Exempt Investors, L.P. press releases are available on the World Wide Web at [www.ataxz.com](http://www.ataxz.com).

Information contained in this Press Release contains “forward-looking statements” relating to, without limitation, future performance, plans and objectives of management for future operations and projections of revenue and other financial items, which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate” or “continue” or the negative thereof or other variations thereon or comparable terminology. Several factors with respect to such forward-looking statements, including certain risks and uncertainties, could cause actual results to differ materially from those in such forward-looking statements. Many of these risks and uncertainties are described in filings made by the Company with the Securities and Exchange Commission, including its annual reports on Form 10-K, its quarterly reports on Form 10-Q and its current reports on Form 8-K.