

PRESS RELEASE

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NEBRASKA DISTRIBUTION

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.
REPORTS 2008 FINANCIAL RESULTS AND RECENT BOND INVESTMENT
REDEMPTIONS**

Omaha, NE- March 4, 2009- On March 3, 2009, America First Tax Exempt Investors, L.P. (NASDAQ: ATAX) (the “Company”) reported its financial results for the year ended December 31, 2008 on its Annual Report on Form 10-K. The Company reported a net loss of \$1.0 million and net income allocated to Beneficial Unit Certificate (“BUC” or “share”) holders of \$2.7 million or \$0.20 per share for the year ended December 31, 2008. The reported loss is largely due to the effects of fourth quarter adjustments to the fair value of interest rate derivative contracts that are reported as expenses on the Company’s statement of operations.

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 year ended December 31, 2008, was \$6.2 million, or \$0.46 per share. CAD generated in the fourth quarter was approximately \$1.5 million, or \$0.11 per share.

CAD generated in 2008 fell short of the annual distribution of \$0.54 per share due in part to increased borrowing costs. Our borrowing costs increased during the first half of the year as a direct result of credit losses and rating downgrades experienced by our main credit provider, Merrill Lynch, during that time period. This resulted in higher financing costs which were passed on to the Company. In July 2008, the Company entered into a new credit facility with Bank of America to replace the Merrill Lynch credit facility. This new credit facility has had a positive impact on the Company’s cost of borrowing in the second half of the year and helped return such costs to more historical rates experienced by the Company. Additionally, due to overall economic conditions during the second half of the year, the Company elected to carry higher levels of cash and cash equivalents on its’ balance sheet. The lower returns realized on these temporary investments negatively impacted CAD. CAD generated in the fourth quarter fell short of the quarterly distribution of \$0.135 per share due mainly to increased real estate operating expenses realized at the multi-family apartment properties owned by subsidiaries of the Company.

We believe that current market conditions have created significant investment opportunities and we intend to aggressively pursue those opportunities. More specifically, the current credit crisis has severely disrupted the financial markets and, in our view, has also created potential investment opportunities. For this reason, non-traditional participants in the multifamily housing debt sector are either reducing their participation in the market or are being forced to downsize

their existing portfolio of investments. We believe this is creating opportunities to acquire existing tax-exempt bonds from distressed entities at attractive yields. We believe that we are well-positioned as a result of our ability to acquire assets on the secondary market while maintaining the ability and willingness to also participate in primary market transactions.

The current credit crisis is also providing the potential for investments in quality real estate assets to be acquired from distressed owners and lenders. Our ability to restructure existing debt together with the ability to improve the operations of the underlying apartment properties through our affiliated property management company, America First Properties Management Company, L.L.C., results in a valuable tax-exempt bond investment which is supported by the valuable collateral and operations of the underlying real property. We believe the Company is well-positioned to selectively acquire distressed assets, restructure debt and improve operations thereby creating value to shareholders in the form of a strong tax-exempt bond investment.

Recent Bond Investment Redemptions

In February 2009, we redeemed our tax-exempt mortgage revenue bonds securitized by Ashley Pointe at Eagle Crest in Evansville, Indiana, Woodbridge Apartments of Bloomington III in Bloomington, Indiana and Woodbridge Apartments of Louisville II, in Louisville, Kentucky. The properties financed by these redeemed mortgage revenue bonds were required to be consolidated into our financial statements as Variable Interest Entities (“VIEs”) under FIN 46R. In order to properly reflect the transaction under FIN 46R, the Company will record the sale of the properties as though they were owned by the Company. The transaction was completed in the first quarter of 2009 for a total purchase price of \$32.0 million resulting in an estimated gain on sale for GAAP reporting purposes to the Company of approximately \$26.0 million. The redemption of the bonds did not result in a taxable gain to the Company. The Company presented the VIEs as discontinued operations at December 31, 2008.

On a stand-alone basis before the consolidation of the VIEs, we received approximately \$30.9 million of net proceeds from the bond redemptions. These proceeds represented the repayment of the bond par values plus accrued base interest and approximately \$2.3 million of contingent interest. The contingent interest, recognized in the first quarter of 2009, represents additional earnings beyond the recurring base interest earned on the bond portfolio. The contingent interest also represents additional Cash Available for Distribution to the BUC holders of approximately \$1.7 million, or \$0.13 per unit.

The Company and its predecessor partnership have been continuously operating this business since 1985 and have consistently distributed tax-exempt income to its investors for 90 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 our ability to make distributions to BUC holders. Management believes 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. To calculate CAD, amortization expense related to debt financing costs and bond reissuance costs, Tier 2 income (as defined in the Company's Agreement of Limited Partnership) payable to its general partner, interest rate cap expense or income, provision for loan losses, impairments on bonds, losses related to VIEs including the cumulative effect of accounting change and depreciation and amortization 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 table shows the calculation of CAD for the years ended December 31, 2008, 2007 and 2006.

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income (loss)	\$ (1,031,240)	\$ 940,866	\$ 12,776,735
Net (income) loss related to VIEs and eliminations due to consolidation	<u>3,756,894</u>	<u>3,452,591</u>	<u>(3,863,226)</u>
Net income before impact of VIE consolidation	2,725,654	4,393,457	8,913,509
Change in fair value of derivatives and interest rate derivative amortization	721,102	249,026	210
Depreciation and amortization expense (Partnership only)	2,840,500	1,478,278	25,605
Tier 2 Income distributable to the General Partner	<u>(38,336)</u>	<u>(57,830)</u>	<u>(1,062,500)</u>
CAD	<u>\$ 6,248,920</u>	<u>\$ 6,062,931</u>	<u>\$ 7,876,824</u>
Weighted average number of units outstanding, basic and diluted	13,512,928	12,491,490	9,837,928
Net income, basic and diluted, per unit	<u>\$ 0.20</u>	<u>\$ 0.34</u>	<u>\$ 0.74</u>
Total CAD per unit	<u>\$ 0.46</u>	<u>\$ 0.49</u>	<u>\$ 0.80</u>
Distributions per unit	<u>\$ 0.5400</u>	<u>\$ 0.5400</u>	<u>\$ 0.5400</u>

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.ataxfund.com.

Information contained in this Press Release contains “forward-looking statements” relating to, without limitation, future performance, investment opportunities, 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. These risks and uncertainties include, but are not limited to, risks involving current maturities of our financing arrangements and our ability to renew or refinance such maturities, fluctuations in short-term interest rates, collateral valuations, bond investment valuations and the overall negative economic and credit market conditions. For a further list and description of such risks, see the reports and other 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. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.