

PRESS RELEASE

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**AMERICA FIRST TAX EXEMPT INVESTORS L.P.
REPORTS SECOND QUARTER 2007 FINANCIAL RESULTS**

Omaha, NE-August 20, 2007- On August 14, 2007, America First Tax Exempt Investors, L.P. (NASDAQ: ATAXZ) (“America First” or the “Company”), reported its financial results for the second quarter and six months ended June 30, 2007 on the Quarterly Report on Form 10-Q.

The Company reported net income of \$761,938 or \$0.12 per share for the quarter ended June 30, 2007 and \$1,700,715 or \$0.25 per share for the six months then ended. This compares with net income of \$644,834 or \$0.13 per share and \$1,105,369 or \$0.24 per share, respectively, for the quarter and six months ended June 30, 2006. Cash Available for Distribution (“CAD”) during the quarter ended June 30, 2007 equaled \$1,436,126, or \$.11 per share. For the six months ended June 30, 2007 CAD was \$2,729,389, or \$.24 per share. CAD for both periods was in line with management’s expectations and consistent with management’s projected results.

During the quarter the Company closed an offering of additional shares resulting in net proceeds of \$27.5 million. The Company was successful in deploying most of its cash holdings and the net proceeds by acquiring four new bonds representing \$31.1 million of tax-exempt bond investments. In addition, the Company also closed on the acquisition of six limited partnerships which own five multifamily properties representing 544 units in the Cincinnati and Columbus, Ohio metropolitan areas. The acquisition of these limited partnerships is expected to provide the Company with an opportunity to restructure the property ownership into future tax-exempt bond investments.

The Company expects to close on four additional bonds representing approximately \$35.3 million in tax-exempt bond investment in the third quarter of 2007. Such investments are expected to effectively complete investment of the proceeds from the sale of additional shares plus additional proceeds obtained through new debt. Once fully invested and fully leveraged, the Company expects CAD on an annual basis to be in excess of the annual distribution rate of \$.54 per share.

Management Commentary:

Recently the financial markets have experienced a re-pricing of risk and a reduction of liquidity in response to serious credit issues being experienced in the single-family subprime mortgage industry. In light of these developments, the Company offers the following observation and commentary on our business:

The Company is in the business of investing in tax-exempt bonds secured by first mortgages on affordable 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 will 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.

The Company's business objectives remain as always: (1) generation and distribution of predominantly tax-exempt income to its investors; (2) careful and rational growth creating portfolio diversification, economies of scale and CAD growth; and (3) selected monetization of portfolio upside.

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 88 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 Company's ability to make distributions to investors. The Company believes that CAD provides relevant information about its operations and is necessary along with net income for understanding its operating results. To calculate CAD, amortization expense related to debt financing costs and bond reissuance costs, income payable to the Company's general partner, interest rate cap expense or income, provision for loan losses, impairments on bonds, losses related to certain consolidated entities including the cumulative effect of accounting change and 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"). 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 three and six months ended June 30, 2007 and 2006.

	For the three months ended June 30, 2007	For the three months ended June 30, 2006	For the six months ended June 30, 2007	For the six months ended June 30, 2006
Net income	\$ 761,938	\$ 644,834	\$ 1,700,715	\$ 1,105,369
Net loss from VIEs	1,456,747	1,420,806	2,503,573	2,862,105
Eliminations due to VIE consolidation	<u>(581,547)</u>	<u>(774,251)</u>	<u>(1,312,489)</u>	<u>(1,546,038)</u>
Income before impact of VIE consolidation	1,637,138	1,291,389	2,891,799	2,421,436
Change in fair value of derivatives and interest rate cap amortization	(149,839)	(58,140)	(117,886)	(123,136)
Tier 2 Income	(57,830)	-	(57,830)	-
Amortization expense (Partnership only)	6,657	6,033	13,315	12,066
Total CAD	<u>\$ 1,436,126</u>	<u>\$ 1,239,282</u>	<u>\$ 2,729,398</u>	<u>\$ 2,310,366</u>
Weighted average number of units outstanding, basic and diluted	13,050,565	9,837,928	11,453,121	9,837,928
Total CAD per unit	\$ 0.11	\$ 0.13	\$ 0.24	\$ 0.23

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.

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.