

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES FIRST QUARTER 1997 FINANCIAL RESULTS

Dallas, Texas, May 12, 1997 - Hallwood Realty Partners, L.P. (Amex: HRY) announced today its financial results for the quarter ended March 31, 1997. It had net income of \$68,000 (\$0.04 per unit) for first quarter of 1997, compared to a net loss of \$2,520,000 (\$1.43 per unit) for the first quarter of 1996. The results included \$2,983,000 and \$4,713,000 of non-cash depreciation and amortization expense in the 1997 and 1996 periods, respectively.

Total revenues increased \$476,000, or 3.8%, in the first quarter of 1997 from last year's first quarter, primarily as the result of a rise in rental income due to average occupancy gains between the periods from 89.2% to 92.0%. Partially offsetting this increase was a fall in interest income due to lower average cash balances available for investing.

Total expenses were \$2,112,000 lower in 1997's first quarter than 1996's first quarter primarily due to reduced depreciation and interest expenses. Depreciation expense decreased \$1,728,000 primarily as a result of a recently completed review of the useful lives of certain building costs which resulted in the extension of their depreciable lives effective January 1, 1997. Interest expense declined \$315,000 as a result of the 1996 loan modifications/renewals for debt secured by the First Maryland Building and Executive Park properties.

The following table sets forth selected unaudited financial information:

	Three months ended March 31,	
	1997	1996
Operating revenues	\$12,773,000	\$12,192,000
Interest	135,000	240,000
Total revenues	12,908,000	12,432,000
Operating expenses	9,855,000	10,239,000
Non-cash depreciation & amortization expense	2,985,000	4,713,000
Total expenses	12,840,000	14,952,000
Net income (loss)	68,000	(2,520,000)
Net income (loss) per unit	0.04	(1.43)
Average number of units outstanding	1,673,000	1,748,000

Hallwood Realty Partners, L.P. , a publicly traded Delaware limited partnership, is engaged in diversified real estate activities, including the acquisition, ownership and operation of commercial office and industrial real estate and other real estate related assets.

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