

# HALLWOOD REALTY PARTNERS, L.P.

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**NEWS RELEASE**

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

Dallas, Texas, August 12, 1997 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended June 30, 1997. HRP had net income of \$936,000 (\$.55 per unit) for the second quarter of 1997, as compared to a net loss of \$2,324,000 (\$1.35 per unit) for the comparable 1996 period. The net results included \$3,010,000 and \$4,715,000 of non-cash depreciation and amortization expense in the 1997 and 1996 periods, respectively.

Total revenues increased \$1,185,000, or 9.7%, in the second quarter of 1997 from last year's second quarter, primarily as the result of a rise in rental income due to average occupancy gains between the periods from 87.3% to 93.6%. Partially offsetting this increase was a decline in interest income due to lower average cash balances available for investing.

Total expenses were \$2,075,000 lower in 1997's second quarter primarily due to reduced depreciation and amortization, property operating and interest expenses. Depreciation expense decreased \$1,705,000 as a result of an extension of the depreciable lives of certain building costs effective January 1, 1997. Interest expense diminished \$274,000, or 7.8%, as a result of the 1996 loan modifications/renewals for debt secured by the First Maryland Building and Executive Park properties. Property operating expenses declined \$270,000, or 4.8%, primarily due to reduced repair and maintenance costs, as well as lower utility costs. General and administrative expenses increased \$174,000 due to increases in overhead, salary and legal costs.

The following table sets forth selective unaudited financial information:

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Total revenues	\$ <b>13,443</b>	\$ 12,258	\$ <b>26,351</b>	\$ 24,690
Total expenses	<b>12,507</b>	14,582	<b>25,347</b>	29,534
Net income (loss)	<b>936</b>	(2,324)	<b>1,004</b>	(4,844)
Net income (loss) per unit	<b>.55</b>	(1.35)	<b>.59</b>	(2.78)
Weighted average units outstanding	<b>1,673</b>	1,699	<b>1,673</b>	1,724

HRP, 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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