

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

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

Dallas, Texas, November 6, 1997 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended September 30, 1997. HRP had net income of \$569,000 (\$.34 per unit) for the third quarter of 1997 compared to a net loss of \$2,103,000 (\$1.24 per unit) for the same period in 1996. The net results included \$3,012,000 and \$4,779,000 of non-cash depreciation and amortization expense in the 1997 and 1996 third quarters, respectively.

For the nine months ended September 30, 1997, HRP had net income of \$1,573,000 (\$0.93 per unit) as compared to a net loss of \$6,947,000 (\$4.03 per unit) for the same period in 1996. The net results included \$9,007,000 and \$14,207,000 of non-cash depreciation and amortization expense in the 1997 and 1996 nine month periods, respectively.

Total revenues increased \$1,256,000, or 10.2%, in the third quarter of 1997 from last year's third quarter, primarily as the result of a rise in rental income due to average occupancy gains between the periods from 86.6% to 93.5%.

Total revenues increased \$2,917,000, or 7.9%, during the first nine months of 1997 versus 1996, primarily as the result of a rise in rental income due to average occupancy gains between the periods from 86.4% to 92.9%. As of September 30, 1997, HRP had leases executed and in place for 94.3% of the portfolio's net rentable square feet.

Total expenses were \$1,416,000 lower in 1997's third quarter primarily due to reduced depreciation and amortization expense of \$1,705,000 as a result of an extension of the depreciable lives of certain building costs effective January 1, 1997. This decline was partially offset by a 3.5% increase in property operating expenses of \$198,000, which is essentially the result of the occupancy increases mentioned above.

Total expenses were \$5,603,000 lower in the first nine months of 1997 versus 1996 primarily due to reduced depreciation and amortization expense of \$5,200,000 as a result of an extension of the depreciable lives of certain building costs effective January 1, 1997 and due to lower interest expense of \$530,000 principally due to loan modifications/renewals for First Maryland Building and Executive Park in 1996.

Page Two
Hallwood Realty Partners, L.P.
Announces Third Quarter 1997 Financial Results
November 6, 1997

The following table sets forth selective unaudited financial information (in thousands, except per unit amounts) :

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Total revenues	\$ 13,533	\$ 12,277	\$ 39,884	\$ 36,967
Total expenses	12,964	14,380	38,311	43,914
Net income (loss)	569	(2,103)	1,573	(6,947)
Net income (loss) per unit	.34	(1.24)	.93	(4.03)
Weighted average units outstanding	1,673	1,673	1,673	1,706

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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