

# HALLWOOD REALTY PARTNERS, L.P.

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## NEWS RELEASE

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### HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES 2002 FINANCIAL RESULTS

Dallas, Texas, March 20, 2003 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the year ended December 31, 2002. HRP had net income of \$6,931,000 (\$4.16 per unit) for 2002, as compared to \$8,328,000 (\$5.01 per unit) for 2001. The net results included \$14,897,000 and \$14,562,000 of non-cash depreciation and amortization expense in 2002 and 2001, respectively.

Total revenues decreased \$952,000, or 1.3%, in 2002 from last year primarily as a result of a decrease in revenue from construction services, which were higher in 2001 due to a few major construction service projects completed in 2001. By their nature, the demand for and size of construction service projects can vary significantly from time to time.

Total expenses were \$3,953,000, or 5.5%, less in 2002 than in 2001 due to decreases in litigation costs of \$3,031,000, interest expense of \$980,000, and parking, construction and tenant services expense of \$787,000, partially offset by increases in depreciation and amortization expense of \$335,000, property operating expenses of \$271,000, and general and administrative expenses of \$239,000. Construction service expenses were higher in 2001 due to a few major construction service projects completed in 2001. Interest expense decreased primarily due to a lower interest rate for HRP's only variable rate mortgage. Depreciation and amortization increased primarily due to depreciation for the newly completed building at the Executive Park property in Atlanta, Georgia. Property operating expenses increased 1.0% due to general increases in real estate taxes, property and liability insurance, and property level salaries, partially offset by a general decrease in utilities and landscaping costs. General and administrative expenses increased due to increases in certain professional fees, state franchise taxes, director and officer liability insurance, and overhead costs.

HRP had net income of \$672,000 (\$0.40 per unit) for the fourth quarter of 2002, compared to net income of \$898,000 (\$0.54 per unit) for the 2001 comparable fourth quarter. The net results included \$3,764,000 and \$3,838,000 of non-cash depreciation and amortization expense in 2002 and 2001 fourth quarters, respectively.

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# Hallwood Realty Partners, L.P.

## 2002 Financial Results

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

	Three months ended December 31,		Year ended December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Total revenues (a)	\$ <b>18,738</b>	\$ 18,094	\$ <b>73,739</b>	\$ 74,691
Total expenses (a)	<b>18,235</b>	<u>17,313</u>	<b>67,445</b>	<u>71,398</u>
Income before interest income, gain from property sales, and cumulative effect	<b>503</b>	781	<b>6,294</b>	3,293
Interest income	<b>169</b>	156	<b>637</b>	1,043
Gain from property sales	<u>-</u>	<u>(39)</u>	<u>-</u>	<u>4,184</u>
Income before cumulative effect	<b>672</b>	898	<b>6,931</b>	8,520
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	<u>-</u>	<u>(192)</u>
Net income	\$ <b><u>672</u></b>	\$ <b><u>898</u></b>	\$ <b><u>6,931</u></b>	\$ <b><u>8,328</u></b>
<i>Earnings per unit - basic :</i>				
Income before cumulative effect	\$ <b>0.42</b>	\$ 0.56	\$ <b>4.32</b>	\$ 5.31
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.12)</u>
Net income	\$ <b><u>0.42</u></b>	\$ <b><u>0.56</u></b>	\$ <b><u>4.32</u></b>	\$ <b><u>5.19</u></b>
<i>Earnings per unit - assuming dilution :</i>				
Income before cumulative effect	\$ <b>0.40</b>	\$ 0.54	\$ <b>4.16</b>	\$ 5.13
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.12)</u>
Net income	\$ <b><u>0.40</u></b>	\$ <b><u>0.54</u></b>	\$ <b><u>4.16</u></b>	\$ <b><u>5.01</u></b>
Weighted average units outstanding -				
Basic	<b><u>1,590</u></b>	<u>1,590</u>	<b><u>1,590</u></b>	<u>1,590</u>
Assuming dilution	<b><u>1,649</u></b>	<u>1,645</u>	<b><u>1,648</u></b>	<u>1,645</u>

- (a) Reclassifications, including a gross-up for parking, construction and tenant service expenses that were previously netted against revenues, have been made in the prior periods to conform to the classifications used in the current period. Additionally, HRP has reclassified previously recorded gains and losses from early extinguishment of debt from an extraordinary item to current operations within interest expense. Accordingly, these reclassifications had no effect on previously reported net income.

HRP, a publicly traded Delaware limited partnership, is engaged in the acquisition, ownership and operation of commercial real estate assets.

Certain statements in this news release may constitute "forward-looking statements" which are subject to known and unknown risks and uncertainties including, among other things, certain economic conditions, competition, development factors and operating costs that may cause the actual results to differ materially from results implied by such forward-looking statements. These risks and uncertainties are described in greater detail in HRP's periodic filings with the SEC.

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