

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES FIRST QUARTER 1999 FINANCIAL RESULTS

Dallas, Texas, May 10, 1999 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended March 31, 1999. HRP had income of \$1,214,000 (\$0.72 per unit) for the first quarter of 1999, as compared to income of \$1,069,000 (\$0.63 per unit) before an extraordinary item for the first quarter of 1998. In the first quarter of 1998, HRP incurred an extraordinary loss on the early extinguishment of debt of \$1,611,000 and accordingly, HRP had a net loss of \$542,000 (\$0.32 per unit) for the first quarter of 1998. The net results included \$3,025,000 and \$3,078,000 of non-cash depreciation and amortization expense in the 1999 and 1998 first quarters, respectively.

Total revenues increased \$736,000, or 5.3%, in the first quarter of 1999 from last year's first quarter, due to an increase in rental income as a result of higher rental rates and due to increases in tenant recoveries, reimbursements and parking revenues.

Total expenses were \$591,000, or 4.6%, higher in 1999's first quarter than in 1998's first quarter due to increases in property operating expenses of \$245,000, or 4.4%, interest expense of \$196,000, or 6.2%, and general and administrative expenses of \$203,000, or 22.5%, partially offset by a decrease in depreciation and amortization expense of \$53,000, or 1.7%.

Property operating expenses were higher principally as a result of increases in snow removal costs and management fees, as well as other costs, none of which were individually significant. Interest expense increased because the 1998 period included non-cash credits of \$425,000 from the amortization of loan forgiveness, partially offset by lower cash interest of \$229,000 primarily due to lower rates achieved from loan refinancings during 1998. General and administrative expenses increased principally due to an increase in legal fees of \$133,000 primarily as a result of the Gotham litigation and due to increases in salaries and Michigan's state franchise taxes.

Hallwood Realty Partners, L.P.

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

	Three months ended	
	March 31,	
	<u>1999</u>	<u>1998</u>
Total revenues	\$ 14,559	\$ 13,823
Total expenses	13,345	<u>12,754</u>
Income before extraordinary item	1,214	1,069
Loss on early extinguishment of debt	<u>-</u>	<u>(1,611)</u>
Net income (loss)	\$ <u>1,214</u>	\$ <u>(542)</u>
 <i>Earnings per unit - basic :</i>		
Income before extraordinary item	\$ 0.72	\$ 0.63
Loss on early extinguishment of debt	<u>-</u>	<u>(0.95)</u>
Net income (loss)	\$ <u>0.72</u>	\$ <u>(0.32)</u>
 <i>Earnings per unit - assuming dilution :</i>		
Income before extraordinary item	\$ 0.69	\$ 0.61
Loss on early extinguishment of debt	<u>-</u>	<u>(0.92)</u>
Net income (loss)	\$ <u>0.69</u>	\$ <u>(0.31)</u>
 Weighted average units outstanding -		
Basic	<u>1,673</u>	<u>1,673</u>
Assuming dilution	<u>1,740</u>	<u>1,739</u>

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

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