

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES FIRST QUARTER 2000 FINANCIAL RESULTS

Dallas, Texas, May 15, 2000 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended March 31, 2000. HRP had net income of \$1,450,000 (\$0.83 per unit) for the first quarter of 2000, as compared to net income of \$1,214,000 (\$0.69 per unit) for the first quarter of 1999. The net results included \$3,222,000 and \$3,025,000 of non-cash depreciation and amortization expense in the 2000 and 1999 first quarters, respectively.

Total revenues increased \$1,610,000, or 11.1%, in the first quarter of 2000 from last year's first quarter primarily as a result of an increase in rental income principally due to higher rental rates and the addition of three new properties to HRP's real estate portfolio between the comparable periods.

Total expenses were \$1,374,000, or 10.3%, higher in 2000's first quarter than in 1999's first quarter due to increases in property operating expenses of \$621,000, general and administrative expenses of \$374,000, interest expense of \$182,000, and depreciation and amortization expense of \$197,000. Property operating expenses were primarily higher in the first quarter due to professional fees for research and analysis of potential property development projects and the addition of three new properties between the comparable periods. General and administrative expenses increased in the first quarter primarily as a result of an increase in litigation costs. Interest expense increased in the first quarter due to an increase in mortgage interest due to a higher average mortgage balance, in the aggregate, between the periods, and to a lesser extent, as a result of an increase in loan cost amortization. Depreciation and amortization was higher as a result of the addition of three new properties between the comparable periods.

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

	Three months ended March 31,	
	<u>2000</u>	<u>1999</u>
Total revenues	\$ 16,169	\$ 14,559
Total expenses	14,719	13,345
Net income	\$ <u>1,450</u>	\$ <u>1,214</u>
Earnings per unit :		
Basic	\$ <u>0.86</u>	\$ <u>0.72</u>
Assuming dilution	\$ <u>0.83</u>	\$ <u>0.69</u>
Weighted average units outstanding :		
Basic	1,673	1,673
Assuming dilution	1,737	1,740

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

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