

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES FIRST QUARTER 2001 FINANCIAL RESULTS

Dallas, Texas, April 26, 2001 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended March 31, 2001. HRP had funds from operations of \$2,814,000 (\$1.69 per unit) for the first quarter of 2001, as compared to \$4,672,000 (\$2.66 per unit) for the same period in 2000. HRP had income before extraordinary loss and cumulative effect of SFAS No. 133 adoption of \$3,456,000 (\$2.08 per unit) for the first quarter of 2001, compared to income of \$1,450,000 (\$0.83 per unit) for the first quarter of 2000. During the 2001 period, HRP had an extraordinary loss from the early extinguishment of debt of \$45,000 (\$0.03 per unit) and a cumulative effect of SFAS No. 133 adoption of \$192,000 (\$0.11 per unit), and accordingly HRP had net income of \$3,219,000 (\$1.94 per unit) for the first quarter of 2001. The net results included \$3,577,000 and \$3,222,000 of non-cash depreciation and amortization expense in the 2001 and 2000 first quarters, respectively.

Total revenues increased \$5,921,000, or 36.6%, in the first quarter of 2001 from last year's first quarter primarily as a result of a \$4,219,000 gain from property sales in the 2001 period. Excluding the property sales, revenues increased \$1,702,000, or 10.5%, principally due to revenues generated from the addition and completion of one development property at Corporate Square in mid-2000 and overall higher rental rates at most of HRP's real estate properties.

The gain from property sales in the first quarter of 2001 is comprised of (i) the January sale of one building at Seattle Business Parks for a gross selling price of \$3,287,000, resulting in a gain of \$2,150,000, (ii) the January sale of one building at Fairlane Commerce Park for a gross selling price of \$575,000, resulting in a gain of \$153,000, and (iii) the March sale of Joy Road Distribution Center for a gross selling price of \$5,326,000, resulting in a gain of \$1,916,000.

Total expenses were \$3,915,000, or 26.6%, higher in 2001's first quarter than in 2000's first quarter due to increases in litigation costs of \$2,074,000, property operating expenses of \$631,000, interest expense of \$643,000, depreciation and amortization expense of \$355,000, and general and administrative expenses of \$212,000.

Litigation costs are related to the on-going lawsuits. Property operating expenses were higher in the first quarter due to (i) operating costs with respect to the addition of one development property at Corporate Square completed in mid-2000, (ii) real estate tax increases due to higher property tax values at certain properties, and (iii) an increase in utilities due to higher rates for gas heating, and to a lesser extent, usage increases due to a colder winter. Interest expense increased primarily due to an increase in mortgage interest due to a higher average mortgage balance, in the aggregate, between the periods. Depreciation and amortization was higher as a result of cost additions incurred from the development and completion of a new building at Corporate Square in mid-2000 and the substantial completion of building and tenant improvements to Riverbank Plaza in April 2000. General and administrative expenses increased between the comparable periods due to higher personnel costs and certain overhead costs.

The table on page 2 sets forth selected unaudited financial information (in thousands, except per unit amounts):

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	Three months ended March 31,	
	<u>2001</u>	<u>2000</u>
Total revenues	\$ 22,090	\$ 16,169
Total expenses	<u>18,634</u>	<u>14,719</u>
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	3,456	1,450
Loss from early extinguishment of debt	(45)	-
Cumulative effect of SFAS No. 133 adoption	<u>(192)</u>	<u>-</u>
Net income	\$ <u>3,219</u>	\$ <u>1,450</u>
<i>Earnings per unit - basic :</i>		
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 2.15	\$ 0.86
Loss from early extinguishment of debt	(0.03)	-
Cumulative effect of SFAS No. 133 adoption	<u>(0.12)</u>	<u>-</u>
Net income	\$ <u>2.00</u>	\$ <u>0.86</u>
<i>Earnings per unit - assuming dilution :</i>		
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 2.08	\$ 0.83
Loss from early extinguishment of debt	(0.03)	-
Cumulative effect of SFAS No. 133 adoption	<u>(0.11)</u>	<u>-</u>
Net income	\$ <u>1.94</u>	\$ <u>0.83</u>
Funds from operations (a) -		
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 3,456	\$ 1,450
Gain from property sales	(4,219)	-
Depreciation and amortization	<u>3,577</u>	<u>3,222</u>
Funds from operations	\$ <u>2,814</u>	\$ <u>4,672</u>
Funds from operations per unit -		
Basic	\$ <u>1.75</u>	\$ <u>2.76</u>
Assuming dilution	\$ <u>1.69</u>	\$ <u>2.66</u>
Weighted average units outstanding -		
Basic	1,590	1,673
Assuming dilution	1,645	1,737

(a) Funds from operations is computed in accordance with the National Policy Bulletin by NAREIT dated November 8, 1999.

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

This news release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to known and unknown risks and uncertainties. Any such projections or statements reflect HRP's current views and are based on reasonable assumptions, however no assurances can be given. HRP's periodic reports filed with the Securities and Exchange Commission include a discussion of important factors that could cause actual results to differ materially from those that may be indicated in any forward-looking statements or projections.