

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES SECOND QUARTER 1999 FINANCIAL RESULTS AND PROPERTY DEVELOPMENT

Dallas, Texas, August 4, 1999 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended June 30, 1999. HRP had income of \$1,182,000 (\$0.67 per unit) for the second quarter of 1999, as compared to income before an extraordinary item of \$1,655,000 (\$0.94 per unit) for the second quarter of 1998. In the second quarter of 1998, HRP incurred an extraordinary loss on the early extinguishment of debt of \$265,000 (\$0.15 per unit), and accordingly, HRP had net income of \$1,390,000 (\$0.79 per unit) for the second quarter of 1998. The net results included \$2,955,000 and \$3,010,000 of non-cash depreciation and amortization expense in the 1999 and 1998 second quarters, respectively.

Total revenues increased \$481,000, or 3.5%, in the second quarter of 1999 from last year's second quarter primarily as a result of an increase in rental income principally due to higher rental rates.

Total expenses were \$954,000, or 7.9%, higher in 1999's second quarter than in 1998's second quarter due to increases in property operating expenses of \$418,000, interest expense of \$252,000, and general and administrative expenses of \$339,000, partially offset by a decrease in depreciation and amortization expense of \$55,000.

HRP had income of \$2,396,000 (\$1.36 per unit) for the first six months of 1999, as compared to income before an extraordinary item of \$2,724,000 (\$1.55 per unit) for the 1998 comparable six months. During the first six months of 1998, HRP incurred extraordinary losses on the early extinguishments of debt of \$1,876,000 (\$1.07 per unit), and accordingly, HRP had net income of \$848,000 (\$0.48 per unit) for the first six months of 1998. The net results included \$5,980,000 and \$6,088,000 of non-cash depreciation and amortization expense in the 1999 and 1998 six month periods, respectively.

Total revenues increased \$1,217,000, or 4.4%, during the first six months of 1999 versus 1998 primarily as a result of an increase in rental income principally due to higher rental rates and also due to increases in parking revenues, tenant utility reimbursements, and various tenant services.

Total expenses were \$1,545,000, or 6.2%, higher during the first six months of 1999 than in the 1998 period due to increases in property operating expenses of \$663,000, interest expense of \$448,000, and general and administrative expenses of \$542,000, partially offset by a decrease in depreciation and amortization expense of \$108,000.

Property operating expenses were higher principally due to refunds received in the 1998 periods for prior years' taxes. Interest expense increased because the 1998 periods included non-cash credits from the amortization of loan forgiveness, partially offset by lower cash interest in the 1999 periods as compared to the 1998 periods primarily as a result of lower rates achieved from loan refinancings completed during 1998. General and administrative expenses increased principally as a result of an increase in litigation costs.

The losses on early extinguishments of debt in the 1998 periods represent previously announced costs from the early payoff of loans.

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Property Development -

During the second quarter of 1999, HRP began construction of a 5-story office building containing approximately 125,000 rentable square feet. It is being constructed on 6.1 acres of land that was acquired in May 1997 within the Corporate Square complex in Atlanta, Georgia. About 72% of the space has been pre-leased to the General Services Administration for 20 years, with occupancy expected by Spring 2000. The building, tenant improvements, lease commissions and loan costs are estimated to be \$15,300,000 (excluding the land). HRP will use cash to pay off the outstanding loan balance (\$486,000 as of June 30, 1999) secured by the land and to pay the lease commissions incurred in the second quarter of 1999 of \$1,746,000. Half of the lease commission was paid in June 1999 upon execution of the lease and the remaining half will be paid when the tenant takes occupancy of the space. The balance of the project will be funded by an interim-construction loan until completion and ultimately replaced by permanent financing.

Selected Financial Information -

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

	Three months ended June 30,		Six months ended June 30,	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Total revenues	\$ 14,252	\$ 13,771	\$ 28,811	\$ 27,594
Total expenses	13,070	<u>12,116</u>	26,415	<u>24,870</u>
Income before extraordinary item	1,182	1,655	2,396	2,724
Loss on early extinguishments of debt	<u>-</u>	<u>(265)</u>	<u>-</u>	<u>(1,876)</u>
Net income	\$ <u>1,182</u>	\$ <u>1,390</u>	\$ <u>2,396</u>	\$ <u>848</u>
<i>Earnings per unit - basic :</i>				
Income before extraordinary item	\$ 0.70	\$ 0.98	\$ 1.42	\$ 1.61
Loss on early extinguishment of debt	<u>-</u>	<u>(0.16)</u>	<u>-</u>	<u>(1.11)</u>
Net income	\$ <u>0.70</u>	\$ <u>0.82</u>	\$ <u>1.42</u>	\$ <u>0.50</u>
<i>Earnings per unit - assuming dilution :</i>				
Income before extraordinary item	\$ 0.67	\$ 0.94	\$ 1.36	\$ 1.55
Loss on early extinguishment of debt	<u>-</u>	<u>(0.15)</u>	<u>-</u>	<u>(1.07)</u>
Net income	\$ <u>0.67</u>	\$ <u>0.79</u>	\$ <u>1.36</u>	\$ <u>0.48</u>
Weighted average units outstanding -				
Basic	1,673	1,673	1,673	1,673
Assuming dilution	1,740	1,743	1,740	1,741

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

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