

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

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

Dallas, Texas, August 8, 2000 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended June 30, 2000. HRP had net income of \$533,000 (\$0.31 per unit) for the second quarter of 2000, as compared to net income of \$1,182,000 (\$0.67 per unit) for the second quarter of 1999. The net results included \$3,175,000 and \$2,955,000 of non-cash depreciation and amortization expense in the 2000 and 1999 second quarters, respectively.

Total revenues increased \$1,951,000, or 13.7%, in the second quarter of 2000 from last year's second 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 \$2,600,000, or 19.9%, higher in 2000's second quarter than in 1999's second quarter due to increases in litigation costs of \$862,000; general and administrative expenses of \$812,000 (including \$601,000 of non-cash expense described below); property operating expenses of \$478,000; interest expense of \$228,000; and depreciation and amortization expense of \$220,000.

HRP had net income of \$1,983,000 (\$1.15 per unit) for the first six months of 2000, as compared to net income of \$2,396,000 (\$1.36 per unit) for the 1999 comparable six months. The net results included \$6,397,000 and \$5,980,000 of non-cash depreciation and amortization expense in the 2000 and 1999 six month periods, respectively.

Total revenues increased \$3,561,000, or 12.4%, in the first six months of 2000 versus 1999 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 \$3,974,000, or 15.0%, higher during the first six months of 2000 than in the 1999 period due to increases in litigation costs of \$1,298,000; general and administrative expenses of \$750,000 (including \$601,000 of non-cash expense described below); property operating expenses of \$1,099,000; interest expense of \$410,000; and depreciation and amortization expense of \$417,000.

Litigation costs are related to the Gotham Partners lawsuits. General and administrative expenses increased for the second quarter and six month periods primarily as a result of \$601,000 of non-cash expense generated from the exercise of unit options, as well as increases in occupancy, travel, and miscellaneous legal and professional fees. Depreciation and amortization was higher in both the second quarter and six month periods as a result of the addition of three new properties between the comparable periods. Interest expense increased for the second quarter and six month periods due to an increase in mortgage interest due to a higher average mortgage balance, in the aggregate, and to a lesser extent, as a result of an increase in loan cost amortization.

Continued on Page 2

Hallwood Realty Partners, L.P.

News Release - Second Quarter 2000 Financial Results

August 8, 2000

Page 2 of 2

Property operating expenses were higher in the second quarter primarily due to the addition of three new properties between the comparable periods and repairs and maintenance costs increases at three properties for landscaping and heating/air conditioning repairs, as well as certain roof, interior, and building repairs.

Property operating expenses were higher in the six month period primarily due to the addition of three new properties between the comparable periods; professional fees for research and analysis of potential property development projects; and repairs and maintenance costs increases at two properties for landscaping and heating/air conditioning repairs, as well as certain roof, interior, and electrical repairs.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Total revenues	\$ 16,203	\$ 14,252	\$ 32,372	\$ 28,811
Total expenses	15,670	<u>13,070</u>	30,389	<u>26,415</u>
Net income	\$ <u>533</u>	\$ <u>1,182</u>	\$ <u>1,983</u>	\$ <u>2,396</u>
Earnings per unit :				
Basic	\$ <u>0.32</u>	\$ <u>0.70</u>	\$ <u>1.19</u>	\$ <u>1.42</u>
Assuming dilution	\$ <u>0.31</u>	\$ <u>0.67</u>	\$ <u>1.15</u>	\$ <u>1.36</u>
Weighted average units outstanding :				
Basic	1,627	1,673	1,650	1,673
Assuming dilution	1,682	1,740	1,709	1,740

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

This report 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.

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