

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

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

Dallas, Texas, November 9, 2000 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended September 30, 2000. HRP had funds from operations of \$4,020,000 (\$2.43 per unit) for the third quarter of 2000, as compared to \$4,224,000 (\$2.40 per unit) for the same period in 1999. HRP had net income of \$659,000 (\$0.40 per unit) for the third quarter of 2000, as compared to net income of \$1,239,000 (\$0.70 per unit) for the third quarter of 1999. The net results included \$3,361,000 and \$2,985,000 of non-cash depreciation and amortization expense in the 2000 and 1999 third quarters, respectively.

Total revenues increased \$2,031,000, or 13.4%, in the third quarter of 2000 from last year's third quarter primarily as a result of an increase in rental income principally due to higher rental rates. The increase is also due to the addition of three real estate properties to HRP's real estate portfolio since August 1999 and the addition of one development property in the third quarter of 2000.

Total expenses were \$2,611,000, or 18.8%, higher in 2000's third quarter than in 1999's third quarter due to increases in property operating expenses of \$862,000, litigation costs of \$659,000, interest expense of \$524,000, depreciation and amortization expense of \$376,000, and general and administrative expenses of \$190,000.

HRP had funds from operations of \$12,400,000 (\$7.29 per unit) for the first nine months of 2000, as compared to \$12,600,000 (\$7.17 per unit) for the same period in 1999. HRP had net income of \$2,642,000 (\$1.55 per unit) for the first nine months of 2000, as compared to net income of \$3,635,000 (\$2.07 per unit) for the 1999 comparable nine months. The net results included \$9,758,000 and \$8,965,000 of non-cash depreciation and amortization expense in the 2000 and 1999 nine month periods, respectively.

Total revenues increased \$5,592,000, or 12.7%, in the first nine months of 2000 versus 1999 primarily as a result of an increase in rental income principally due to higher rental rates. The increase is also due to the addition of three real estate properties to HRP's real estate portfolio since August 1999 and the addition of one development property in the third quarter of 2000.

Total expenses were \$6,585,000, or 16.3%, higher during the first nine months of 2000 than in the 1999 period due to increases in property operating expenses of \$1,961,000, litigation costs of \$1,957,000, general and administrative expenses of \$940,000, interest expense of \$934,000, and depreciation and amortization expense of \$793,000.

Litigation costs are related to the on-going lawsuits. General and administrative expenses increased between comparable periods due to increases in due diligence professional costs, travel, and miscellaneous legal and professional fees. Additionally, general and administrative expenses increased for the nine month period as a result of non-cash expense generated from the exercise of unit options. Interest expense increased between comparable 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. Depreciation and amortization was higher as a result of the addition of three new properties between the comparable periods.

Continued on Page 2

Hallwood Realty Partners, L.P.

News Release - Third Quarter 2000 Financial Results

November 9, 2000

Page 2 of 2

Property operating expenses were higher in the third quarter and the nine month periods primarily due to the addition of three real estate properties to HRP's real estate portfolio since August 1999 and the addition of one development property in the third quarter of 2000. The increase in the third quarter is also due to health insurance premiums, certain repairs and maintenance costs, professional fees, and management fees. The increase in the nine month period is also due to professional fees for research and analysis of potential property development projects, repair and maintenance costs for heating/air conditioning system repairs, landscaping, certain interior and building repairs, and management fees.

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Total revenues	\$ 17,171	\$ 15,140	\$ 49,543	\$ 43,951
Total expenses	16,512	<u>13,901</u>	46,901	<u>40,316</u>
Net income	\$ <u>659</u>	\$ <u>1,239</u>	\$ <u>2,642</u>	\$ <u>3,635</u>
Earnings per unit :				
Basic	\$ <u>0.41</u>	\$ <u>0.73</u>	\$ <u>1.61</u>	\$ <u>2.15</u>
Assuming dilution	\$ <u>0.40</u>	\$ <u>0.70</u>	\$ <u>1.55</u>	\$ <u>2.07</u>
Weighted average units outstanding :				
Basic	1,590	1,673	1,630	1,673
Assuming dilution	1,637	1,740	1,685	1,740
Funds from operations (a) -				
Net income	\$ 659	\$ 1,239	\$ 2,642	\$ 3,635
Depreciation and amortization	3,361	<u>2,985</u>	9,758	<u>8,965</u>
Funds from operations	\$ <u>4,020</u>	\$ <u>4,224</u>	\$ <u>12,400</u>	\$ <u>12,600</u>
Funds from operations				
Basic	\$ <u>2.50</u>	\$ <u>2.50</u>	\$ <u>7.53</u>	\$ <u>7.46</u>
Assuming dilution	\$ <u>2.43</u>	\$ <u>2.40</u>	\$ <u>7.29</u>	\$ <u>7.17</u>

(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 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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