

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

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

Dallas, Texas, November 8, 2001 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended September 30, 2001. HRP had funds from operations of \$5,789,000 (\$3.48 per unit) for the third quarter of 2001, as compared to \$4,020,000 (\$2.43 per unit) for the same period in 2000. HRP had income before extraordinary loss of \$2,354,000 (\$1.42 per unit) for the third quarter of 2001, compared to net income of \$659,000 (\$0.40 per unit) for the third quarter of 2000. The net results included \$3,438,000 and \$3,361,000 of non-cash depreciation and amortization expense in the 2001 and 2000 third quarters, respectively.

Total revenues increased \$489,000, or 2.9%, in the third quarter of 2001 from last year's third quarter primarily as a result of revenues generated from the addition and completion of one development property at Corporate Square in mid-2000, overall higher rental rates at most of HRP's real estate properties, and an increase in average occupancy between the periods from 88.5% to 91.5%.

Total expenses were \$1,206,000, or 7.3%, less in 2001's third quarter than in 2000's third quarter due to decreases in litigation costs of \$1,153,000, interest expense of \$149,000 and property operating expenses of \$77,000, partially offset by increases in general and administrative expenses of \$96,000 and depreciation and amortization expense of \$77,000.

HRP had funds from operations of \$14,682,000 (\$8.84 per unit) for the first nine months of 2001, as compared to \$12,400,000 (\$7.29 per unit) for the same period in 2000. HRP had income, before extraordinary loss and cumulative effect of SFAS No. 133 adoption, of \$8,181,000 (\$4.93 per unit) for the first nine months of 2001, compared to income of \$2,642,000 (\$1.55 per unit) for the 2000 comparable nine months. During the 2001 period, HRP had an extraordinary loss from the early extinguishments of debt of \$559,000 (\$0.34 per unit) and a cumulative effect of SFAS No. 133 adoption of \$192,000 (\$0.12 per unit), and accordingly HRP had net income of \$7,430,000 (\$4.47 per unit) for the first nine months of 2001. The net results included \$10,724,000 and \$9,758,000 of non-cash depreciation and amortization expense in the 2001 and 2000 nine month periods, respectively.

Total revenues increased \$8,132,000, or 16.4%, in the first nine months of 2001 versus 2000 primarily due to gains from property sales and an increase in property operating revenues. Excluding the property sales, revenues increased \$3,909,000, or 7.9%, principally due to revenues generated from the addition and completion of one development property at Corporate Square in mid-2000, overall higher rental rates at most of HRP's real estate properties, and an increase in average occupancy between the periods from 89.6% to 91.6%.

The gain from property sales in the first nine months of 2001 was \$4,223,000 and is comprised of the January sale of one building at Seattle Business Parks for a gross selling price of \$3,287,000, resulting in a gain of \$2,148,000; 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 the March sale of Joy Road Distribution Center for a gross selling price of \$5,326,000, resulting in a gain of \$1,922,000.

Total expenses were \$2,593,000, or 5.5%, higher in the first nine months of 2001 than in 2000's comparable period due to increases in depreciation and amortization expense of \$966,000, property operating expenses of \$941,000, interest expense of \$793,000, and litigation costs of \$268,000, partially offset by a decrease in general and administrative expenses of \$375,000.

Property operating expenses were higher in the nine month period due to operating costs with respect to the addition of one development property at Corporate Square completed in mid-2000; real estate tax increases due to higher property tax values at certain properties and tax refunds included in the 2000 period; an increase in utilities due to higher rates for heating, and utility usage increases due to a colder winter; an increase in management fees due to the increase in rental income; and a decrease in certain professional fees.

Interest expense decreased in the three month period due to the construction capitalization of interest, partially offset by an increase in mortgage interest due to a higher average aggregate mortgage balance. Interest expense increased in the nine month period primarily due to an increase in mortgage interest due to a higher average aggregate mortgage balance.

Depreciation and amortization was primarily higher in both the third quarter and in the nine month periods as a result of the development and completion of a new building at Corporate Square in mid-2000. Depreciation and amortization also increased in the nine month period as a result of the completion of improvements to Riverbank Plaza in April 2000.

General and administrative expenses increased in the third quarter primarily due an increase in current year personnel costs and certain overhead costs. General and administrative expenses decreased in the nine month period primarily due to the non-qualified unit option compensation recorded in the 2000 period, partially offset by increases in current year personnel costs and certain overhead costs. Litigation costs are related to the on-going lawsuits.

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Third Quarter 2001 Financial Results
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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>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Total revenues	17,660	\$ 17,171	\$ 57,675	\$ 49,543
Total expenses	15,306	<u>16,512</u>	49,494	<u>46,901</u>
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	2,354	659	8,181	2,642
Loss from early extinguishments of debt	(514)	-	(559)	-
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	(192)	<u>-</u>
Net income	\$ <u>1,840</u>	\$ <u>659</u>	\$ <u>7,430</u>	\$ <u>2,642</u>
<i>Earnings per unit - basic :</i>				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 1.47	\$ 0.41	\$ 5.10	\$ 1.61
Loss from early extinguishments of debt	(0.32)	-	(0.35)	-
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	(0.12)	<u>-</u>
Net income	\$ <u>1.15</u>	\$ <u>0.41</u>	\$ <u>4.63</u>	\$ <u>1.61</u>
<i>Earnings per unit - assuming dilution :</i>				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 1.42	\$ 0.40	\$ 4.93	\$ 1.55
Loss from early extinguishments of debt	(0.31)	-	(0.34)	-
Cumulative effect of SFAS No. 133 adoption	<u>-</u>	<u>-</u>	(0.12)	<u>-</u>
Net income	\$ <u>1.11</u>	\$ <u>0.40</u>	\$ <u>4.47</u>	\$ <u>1.55</u>
Funds from operations (a) -				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	\$ 2,354	\$ 659	\$ 8,181	\$ 2,642
Gain from property sales	(3)	-	(4,223)	-
Depreciation and amortization	3,438	<u>3,361</u>	10,724	<u>9,758</u>
Funds from operations	\$ <u>5,789</u>	\$ <u>4,020</u>	\$ <u>14,682</u>	\$ <u>12,400</u>
Funds from operations per unit -				
Basic	\$ <u>3.60</u>	\$ <u>2.50</u>	\$ <u>9.14</u>	\$ <u>7.53</u>
Assuming dilution	\$ <u>3.48</u>	\$ <u>2.43</u>	\$ <u>8.84</u>	\$ <u>7.29</u>
Weighted average units outstanding -				
Basic	1,590	1,590	1,590	1,630
Assuming dilution	1,645	1,637	1,645	1,685

(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.