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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P.
ANNOUNCES THIRD QUARTER 2002 FINANCIAL RESULTS

Dallas, Texas, November 12, 2002 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the quarter ended September 30, 2002. HRP had funds from operations of $5,447,000 ($3.27 per unit) for the third quarter of 2002, as compared to $5,789,000 ($3.48 per unit) for the same period in 2001. HRP had net income of $1,843,000 ($1.11 per unit) for the third quarter of 2002, as compared to $1,840,000 ($1.11 per unit) for the third quarter of 2001. The net results included $3,604,000 and $3,438,000 of non-cash depreciation and amortization expense in the 2002 and 2001 third quarters, respectively.

Total revenues decreased $1,013,000, or 5.3%, in the third quarter of 2002 from last year primarily as a result of a decrease in revenue from construction services, which were higher in the 2001 period due to a few major projects completed in the 2001 period. By their nature, the demand for and size of construction service projects can vary significantly from time to time.

Total expenses were $502,000, or 3.0%, less in 2002's third quarter than in 2001 due to decreases in parking, construction and tenant services expense of $816,000, litigation costs of $100,000, and general and administrative expenses of $25,000, partially offset by increases in property operating expenses of $237,000, depreciation and amortization expense of $166,000, and interest expense of $36,000. Construction service expenses were higher in the 2001 period due to a few major projects completed in the 2001 period. Property operating expenses increased 3.5% in the period and includes an increase in real estate taxes of $79,000 (primarily due to the newly completed building at the Executive Park property in Atlanta, Georgia) and general increases in janitorial costs, utilities, and property level salaries. Depreciation and amortization increased primarily due to depreciation for the aforementioned building at Executive Park.

HRP had funds from operations of $17,392,000 ($10.45 per unit) for the first nine months of 2002, as compared to $14,682,000 ($8.84 per unit) for the same period in 2001. HRP had net income of $6,259,000 ($3.76 per unit) for the first nine months of 2002, as compared to net income of $7,430,000 ($4.47 per unit) for the comparable period in 2001. The net results included $11,133,000 and $10,724,000 of non-cash depreciation and amortization expense in the 2002 and 2001 periods, respectively.

Total revenues decreased $6,238,000, or 10.1%, in the first nine months of 2002 from last year primarily as a result of gains from property sales of $4,223,000 in the 2001 period. Excluding gains from property sales, revenues decreased $2,015,000, or 3.5%, primarily as a result of decreases in revenue from parking, construction and tenant services of $1,514,000 and interest income of $419,000. Construction service revenues were higher in the 2001 period due to a few major projects completed in the 2001 period. Interest income decreased as a result of decreased earnings on overnight cash investments due to significantly lower interest rates available between the periods.

Total expenses were $4,316,000, or 8.1%, less in the first nine months of 2002 than in 2001 due to decreases in litigation costs of $3,064,000, parking, construction and tenant services expense of $1,065,000, and interest expense of $665,000, partially offset by increases in depreciation and amortization expense of $409,000, general and administrative expenses of $59,000, and property operating expenses of $10,000. Litigation costs are related to the on-going lawsuits. Construction service expenses were higher in the 2001 period due to a few major projects completed in the 2001 period. Interest expense primarily decreased in the nine month period due to a lower interest rate for HRP's only variable rate mortgage. Depreciation and amortization increased primarily due to depreciation for the aforementioned building at Executive Park.

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

	Three months ended September 30, 2002	Three months ended September 30, 2001	Nine months ended September 30, 2002	Nine months ended September 30, 2001
Total revenues (a)	**$ 17,967**	$ 18,980	**$ 55,469**	$ 61,707
Total expenses (a)	**16,124**	16,626	**49,210**	53,526
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**1,843**	2,354	**6,259**	8,181
Loss from early extinguishment of debt	**-**	(514)	**-**	(559)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**-**	(192)
Net income	**$ 1,843**	$ 1,840	**$ 6,259**	$ 7,430
Earnings per unit - basic :				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 1.15**	$ 1.47	**$ 3.90**	$ 5.10
Loss from early extinguishments of debt	**-**	(0.32)	**-**	(0.35)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**-**	(0.12)
Net income	**$ 1.15**	$ 1.15	**$ 3.90**	$ 4.63
Earnings per unit - assuming dilution :				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 1.11**	$ 1.42	**$ 3.76**	$ 4.93
Loss from early extinguishments of debt	**-**	(0.31)	**-**	(0.34)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**-**	(0.12)
Net income	**$ 1.11**	$ 1.11	**$ 3.76**	$ 4.47
Funds from operations (b) -				
Income before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 1,843**	$ 2,354	**$ 6,259**	$ 8,181
Gain from property sales	**-**	(3)	**-**	(4,223)
Depreciation and amortization	**3,604**	3,438	**11,133**	10,724
Funds from operations	**$ 5,447**	$ 5,789	**$ 17,392**	$ 14,682
Funds from operations per unit -				
Basic	**$ 3.39**	$ 3.60	**$ 10.83**	$ 9.14
Assuming dilution	**$ 3.27**	$ 3.48	**$ 10.45**	$ 8.84
Weighted average units outstanding -				
Basic	**1,590**	1,590	**1,590**	1,590
Assuming dilution	**1,647**	1,645	**1,647**	1,645

(a) Reclassifications, including the gross up of certain revenues for expenses that were previously netted against revenues, have been made in the prior periods to confirm to the classifications used in the current period. The reclassifications had no effect on previously reported net income.

(b) 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.

Certain statements in this news release may constitute “forward-looking statements” which are subject to known and unknown risks and uncertainties including, among other things, certain economic conditions, competition, development factors and operating costs that may cause the actual results to differ materially from results implied by such forward-looking statements. These risks and uncertainties are described in greater detail in HRP’s periodic filings with the SEC.

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