

HALLWOOD REALTY PARTNERS, L.P.

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**NEWS
RELEASE**

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES 1996 FINANCIAL RESULTS

Dallas, Texas, March 26, 1997 - Hallwood Realty Partners, L.P. ("HRP") (HRYP:AMEX) announced today its financial results for the year ended December 31, 1996. HRP had a net loss of \$9,428,000 (\$5.50 per Unit) for 1996, as compared to \$9,789,000 (\$5.55 per Unit) for 1995. The net losses included \$17,086,000 and \$17,423,000 of non-cash depreciation and amortization expense in 1996 and 1995, respectively.

Revenues declined \$1,217,000, or 2.4%, in 1996 as compared to 1995, primarily due to the reduction in rental rates at First Maryland Building and decreases in occupancy at Parklane Towers and Corporate Square, partially offset by a rise in occupancy at Executive Park, the addition of the Joy Road property (which was acquired in February 1996), and an increase in interest earnings.

Expenses were lowered by \$1,275,000 in 1996, as compared to 1995, primarily due to a decline in interest expense, partially offset by an increase in property operations expense. Interest expense went down principally due to changes previously announced in the debt secured by the First Maryland Building. Property operation expenses increased primarily due to operating costs for Joy Road.

Loss on early extinguishment of debt (extraordinary item) for 1995 of \$765,000 represents pre-payment penalties incurred with the early pay off of loans during 1995 and the write off of unamortized loan costs associated with such retired loans.

The following table sets forth selected financial information for the Partnership for 1996 and 1995, in thousands except per Unit amounts:

STATEMENT OF OPERATIONS:

	For the year ended December 31,	
	<u>1996</u>	<u>1995</u>
Total revenues	\$ 49,612	\$ 50,829
Total expenses	59,040	59,853
Loss before extraordinary item	(9,428)	(9,042)
Net loss	(9,428)	(9,789)
Per Unit:		
Loss before extraordinary item	(5.50)	(5.12)
Net loss	(5.50)	(5.55)
Average Units Outstanding	1,698	1,745

BALANCE SHEET:

	As of December 31,	
	<u>1996</u>	<u>1995</u>
Real estate property, net	\$ 182,877	\$ 192,266
Mortgages payable	160,732	166,675
Partners' capital	30,684	41,917

HRP, a publicly traded Delaware limited partnership, is engaged in diversified real estate activities, including the acquisition, ownership and operation of commercial office and industrial real estate and other real estate related assets.