

# **HALLWOOD REALTY PARTNERS, L.P.**

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**NEWS RELEASE**

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## **HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES 1997 FINANCIAL RESULTS**

Dallas, Texas, March 9, 1998 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the year ended December 31, 1997. HRP had net income of \$2,357,000 (\$1.40 per unit) for 1997, as compared to a net loss of \$9,428,000 (\$5.50 per unit) for 1996. The net results included \$12,055,000 and \$19,013,000 of non-cash depreciation and amortization expense in 1997 and 1996, respectively.

Total revenues increased \$4,287,000, or 8.6%, in 1997 as compared to 1996, primarily as the result of a rise in rental income due to average occupancy gains between the years from 87.8% to 93.1%. As of December 31, 1997, HRP had leases executed and in place for 94.4% of the portfolio's net rentable square feet. The revenues for 1997 include a \$394,000 gain from the sale of a 3,500 square foot building at the Fairlane Commerce Park property in the fourth quarter.

Total expenses were \$7,498,000, or 12.7%, lower in 1997 versus 1996, primarily due to reduced depreciation and amortization expense of \$6,958,000 as a result of an extension of the depreciable lives of certain building costs effective January 1, 1997 and due to lower interest expense of \$577,000 principally due to loan modifications/renewals for First Maryland Building and Executive Park in 1996. These declines were partially offset by a 0.9% increase in property operating expenses of \$213,000 related to the increase in occupancy.

HRP had net income of \$784,000 (\$0.47 per unit) for the fourth quarter of 1997, as compared to a net loss of \$2,481,000 (\$1.48 per unit) for the same period in 1996. The net results included \$3,048,000 and \$4,806,000 of non-cash depreciation and amortization expense in the 1997 and 1996 fourth quarters, respectively.

Total revenues increased \$1,370,000, or 10.8%, for the fourth quarter of 1997 as compared to the same period in 1996, primarily as the result of a rise in rental income due to average occupancy gains between the periods and the Fairlane Commerce Park property sale.

Total expenses were \$1,895,000, or 12.5%, lower in the fourth quarter of 1997 as compared to the same period in 1996, for the same reasons that the expenses were reduced for the years 1997 versus 1996.

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

**STATEMENT OF OPERATIONS:**

	Three months ended		Year ended	
	December 31,		December 31,	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
Total revenues	\$ <b>14,015</b>	\$ 12,645	\$ <b>53,899</b>	\$ 49,612
Total expenses	<b>15,126</b>	13,231	<b>51,542</b>	59,040
Net income (loss)	<b>784</b>	(2,481)	<b>2,357</b>	(9,428)
Net income (loss) per unit - basic	<b>.47</b>	(1.48)	<b>1.40</b>	(5.50)
Net income (loss) per unit - assuming dilution	<b>.45</b>	(1.48)	<b>1.35</b>	(5.50)
Weighted average units outstanding	<b>1,673</b>	1,673	<b>1,673</b>	1,698

**BALANCE SHEET:**

	As of December 31,	
	<u>1997</u>	<u>1996</u>
Real estate property, net	\$ <b>179,028</b>	\$ 182,877
Total assets	<b>207,134</b>	210,214
Mortgages payable	<b>157,911</b>	160,732
Partners' capital	<b>33,041</b>	30,684

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.