

HALLWOOD REALTY PARTNERS, L.P.

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NEWS RELEASE

HALLWOOD REALTY PARTNERS, L.P. ANNOUNCES 1999 FINANCIAL RESULTS AND JANUARY 2000 PROPERTY ACQUISITION

Dallas, Texas, March 22, 2000 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the year ended December 31, 1999. HRP had income of \$4,062,000 (\$2.31 per unit) for 1999, compared to income before extraordinary item of \$6,246,000 (\$3.55 per unit) for 1998. During 1998, HRP had a net extraordinary gain from the early extinguishments of debt of \$5,347,000 (\$3.04 per unit), and accordingly HRP had net income of \$11,593,000 (\$6.59 per unit) for 1998. The net results included \$11,998,000 and \$12,114,000 of non-cash depreciation and amortization expense in 1999 and 1998, respectively.

Total revenues increased \$2,965,000, or 5.2%, in 1999 compared to 1998 primarily as a result of an increase in rental income, principally due to higher rental rates and also due to increases in parking revenues, tenants' utility cost reimbursements and various tenant services.

Total expenses were \$5,149,000, or 10.2%, higher in 1999 than in 1998 due to increases in property operating expenses of \$1,701,000, interest expense of \$920,000, and general and administrative expenses of \$2,644,000, partially offset by a decrease in depreciation and amortization expense of \$116,000.

HRP had income of \$427,000 (\$0.24 per unit) for the fourth quarter of 1999 compared to income before an extraordinary item of \$1,795,000 (\$1.02 per unit) for the 1998 comparable fourth quarter. During fourth quarter of 1998, HRP incurred an extraordinary gain on the early extinguishment of debt of \$7,223,000 (\$4.11 per unit), and accordingly, HRP had net income of \$9,018,000 (\$5.13 per unit) for the 1998 fourth quarter. The net results included \$3,033,000 and \$3,032,000 of non-cash depreciation and amortization expense in the 1999 and 1998 fourth quarters, respectively.

Total revenues increased \$1,123,000, or 7.7%, during the fourth quarter of 1999 versus 1998 primarily as a result of an increase in rental income, principally due to higher rental rates and also due to increases in various tenant services.

Total expenses were \$2,491,000, or 19.5%, higher during the fourth quarter of 1999 than in the 1998 quarter due to increases in property operating expenses of \$882,000, interest expense of \$249,000, general and administrative expenses of \$1,359,000, and depreciation and amortization expense of \$1,000.

Property operating expenses were higher in the fourth quarter and for the year primarily due to higher taxable values at certain properties and due to refunds received in the 1998 periods for prior years' taxes. Interest expense increased in the fourth quarter and for the year because of non-cash loan forgiveness amortization credits in 1998, partially offset by lower cash mortgage interest, due to reduced contractual interest rates from 1998 loan refinancings. General and administrative expenses increased in the fourth quarter and for the year primarily as a result of an increase in litigation costs and, to a lesser extent, due to increases in personnel, occupancy and travel costs.

The gain on the early extinguishment of debt in the fourth quarter of 1998 and the net gain on the early extinguishments of debt for 1998 are the results of previously announced early loan payoffs.

Continued on Page 2

Hallwood Realty Partners, L.P.

News Release - 1999 Financial Results

March 22, 2000

Page 2 of 2

Property Acquisitions -

On January 26, 2000, HRP acquired three 3-story office buildings in San Diego, California (Fountain View) containing approximately 89,000 net rentable square feet on 4.3 acres of land. The property was 95% occupied at the date of acquisition. The acquisition cost was approximately \$7,800,000, including a loan with two notes totaling \$5,500,000. The loan's monthly payment is based on a twenty-year amortization, but matures in ten years with an interest rate of 8.17%. The balance of the acquisition cost, or approximately \$2,300,000, was paid in cash.

Selected Financial Information -

The following tables set forth selected financial information (in thousands, except per unit amounts):

Statements of Income:

	Three months ended		Year ended	
	December 31,		December 31,	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Total revenues	\$ 15,694	\$ 14,571	\$ 59,645	\$ 56,680
Total expenses	<u>15,267</u>	<u>12,776</u>	<u>55,583</u>	<u>50,434</u>
Income before extraordinary item	427	1,795	4,062	6,246
Loss on early extinguishments of debt	-	<u>7,223</u>	-	<u>5,347</u>
Net income	\$ <u>427</u>	\$ <u>9,018</u>	\$ <u>4,062</u>	\$ <u>11,593</u>
<i>Earnings per unit - basic :</i>				
Income before extraordinary item	\$ 0.25	\$ 1.07	\$ 2.40	\$ 3.70
Loss on early extinguishment of debt	-	<u>4.27</u>	-	<u>3.16</u>
Net income	\$ <u>0.25</u>	\$ <u>5.34</u>	\$ <u>2.40</u>	\$ <u>6.86</u>
<i>Earnings per unit - assuming dilution :</i>				
Income before extraordinary item	\$ 0.24	\$ 1.02	\$ 2.31	\$ 3.55
Loss on early extinguishment of debt	-	<u>4.11</u>	-	<u>3.04</u>
Net income	\$ <u>0.24</u>	\$ <u>5.13</u>	\$ <u>2.31</u>	\$ <u>6.59</u>
Weighted average units outstanding -				
Basic	1,673	1,673	1,673	1,673
Assuming dilution	1,739	1,743	1,740	1,741

Balance Sheets:

	As of December 31,	
	<u>1999</u>	<u>1998</u>
Real estate property, net	\$ 192,814	\$ 175,779
Total assets	230,386	214,023
Mortgages payable	171,312	162,078
Partners' capital	48,696	44,634

HRP, a publicly traded Delaware limited partnership, operates in the commercial real estate business segment. HRP's activities include the acquisition, ownership and operation of its commercial real estate assets.

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