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NEWS RELEASE

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

Dallas, Texas, March 26, 2002 - Hallwood Realty Partners, L.P. ("HRP") (HRY-AMEX) announced today its financial results for the year ended December 31, 2001. HRP had funds from operations of $19,457,000 ($11.71 per unit) for 2001, as compared to $14,588,000 ($8.63 per unit) for 2000. HRP had income before extraordinary loss of $9,079,000 ($5.47 per unit) for 2001, compared to income before extraordinary loss of $90,000 ($0.05 per unit) for 2000. The net results included $14,562,000 and $14,498,000 of non-cash depreciation and amortization expense in 2001 and 2000, respectively. During 2001 and 2000, HRP had extraordinary losses from the early extinguishments of debt of $559,000 ($0.34 per unit) and $389,000 ($0.23 per unit), respectively. Also in 2001, HRP recorded the cumulative effect of the adoption of SFAS No. 133 (valuation of an interest rate cap) of $192,000 ($0.12 per unit). Accordingly, HRP had net income of $8,328,000 ($5.01 per unit) for 2001 and a net loss of $299,000 ($0.18 per unit) for 2000.

Total revenues increased $7,292,000, or 10.8%, in 2001 versus 2000 primarily due to gains from property sales and an increase in property operating revenues. Excluding the property sales, revenues increased $3,108,000, or 4.6%, 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 89.4% to 90.9%.

The gain from property sales in 2001 was $4,184,000 and is comprised of the sale of one building at Seattle Business Parks for a gross selling price of $3,287,000, resulting in a gain of $2,109,000; the 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 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 $1,697,000, or 2.5%, lower in 2001 than in 2000 due to decreases in litigation costs of $1,855,000 and general and administrative expenses of $690,000, partially offset by increases in property operating expenses of $641,000, interest expense of $143,000, and depreciation and amortization expense of $64,000.

Litigation costs are related to the on-going lawsuits. General and administrative expenses decreased in 2001 primarily due to non-qualified unit option compensation recorded in 2000. Property operating expenses were higher in 2001 primarily due to operating costs with respect to the addition of one development property at Corporate Square completed in mid-2000. Interest expense increased in 2001 as a result of an increase in mortgage interest due to a higher average mortgage balance between years, partially offset by the capitalization of construction interest and decreases in loan cost amortization and other interests costs. Depreciation and amortization was consistent between years.

HRP had funds from operations of $4,775,000 ($2.87 per unit) for the fourth quarter of 2001, as compared to $2,188,000 ($1.32 per unit) for the comparable 2000 quarter. HRP had income of $898,000 ($0.54 per unit) for the fourth quarter of 2001, compared to a loss before extraordinary loss of $2,552,000 ($1.59 per unit) for the 2000 comparable fourth quarter. The net results included $3,838,000 and $4,740,000 of non-cash depreciation and amortization expense in 2001 and 2000 fourth quarters, respectively. During 2000, HRP had an extraordinary loss from the early extinguishment of debt of $389,000 ($0.24 per unit). Accordingly, HRP had net income of $898,000 ($0.54 per unit) for the fourth quarter of 2001 and a net loss of $2,941,000 ($1.83 per unit) for fourth quarter of 2000.

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

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	Three months ended December 31,		Year ended December 31,	
	2001	2000	**2001**	2000
Total revenues	**$ 16,909**	$ 17,749	**$ 74,584**	$ 67,292
Total expenses	**16,011**	20,301	**65,505**	67,202
Income (loss) before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**898**	(2,552)	**9,079**	90
Loss from early extinguishments of debt	**-**	(389)	**(559)**	(389)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**(192)**	-
Net income (loss)	**$ 898**	$ (2,941)	**$ 8,328**	$ (299)
Earnings per unit - basic :				
Income (loss) before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 0.56**	$ (1.59)	**$ 5.66**	$ 0.06
Loss from early extinguishments of debt	**-**	(0.24)	**(0.35)**	(0.24)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**(0.12)**	-
Net income (loss)	**$ 0.56**	$ (1.83)	**$ 5.19**	$ (0.18)
Earnings per unit - assuming dilution : (antidilutive in 4th quarter of 2000)				
Income (loss) before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 0.54**	$ (1.59)	**$ 5.47**	$ 0.05
Loss from early extinguishments of debt	**-**	(0.24)	**(0.34)**	(0.23)
Cumulative effect of SFAS No. 133 adoption	**-**	-	**(0.12)**	-
Net income (loss)	**$ 0.54**	$ (1.83)	**$ 5.01**	$ (0.18)
Funds from operations (a) -				
Income (loss) before extraordinary loss and cumulative effect of SFAS No. 133 adoption	**$ 898**	$ (2,552)	**$ 9,079**	$ 90
(Gain) loss from property sales	**39**	-	**(4,184)**	-
Depreciation and amortization	**3,838**	4,740	**14,562**	14,498
Funds from operations	**$ 4,775**	$ 2,188	**$ 19,457**	$ 14,588
Funds from operations per unit -				
Basic	**$ 2.97**	$ 1.36	**$ 12.11**	$ 8.91
Assuming dilution	**$ 2.87**	$ 1.32	**$ 11.71**	$ 8.63
Weighted average units outstanding -				
Basic	**1,590**	1,590	**1,590**	1,620
Assuming dilution	**1,645**	1,640	**1,645**	1,674

(a) Funds from operations is computed in accordance with the National Policy Bulletin by NAREIT dated November 8, 1999.

Balance Sheets:

	As of December 31,	
	2001	2000
Real estate property, net	**$ 213,574**	$ 206,392
Total assets	**269,875**	254,504
Mortgages payable	**201,224**	200,096
Partners' capital	**54,022**	44,490

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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