

TOWER PROPERTIES COMPANY

911 Main Street
Kansas City, Missouri 64105

December 13, 2008

To the Shareholders of Tower Properties Company:

You are cordially invited to attend the special meeting of shareholders of Tower Properties Company (the "Company") to be held on December 29, 2008 at 10:00 a.m., Central time, at Suite 1215 in the Commerce Tower, 911 Main Street, Kansas City, Missouri.

At this important meeting you will be asked to vote on proposals to amend our Articles of Incorporation to (i) effect a reverse 1-for-30 stock split of our common stock (the "Split Transaction"); and (ii) grant the Company an option to acquire shares proposed to be transferred by shareholders after the Split Transaction if, after such transfer, there would be 250 or more holders of record of the Company's common stock (the "Repurchase Option") and reduce the Company's authorized capital. The proposed amendments are attached as Exhibits A and B to the accompanying proxy statement.

If approved at the special meeting and completed, the Split Transaction will affect the Company's shareholders as follows:

Shareholders before the Split Transaction

Each shareholder holding 30 or more shares:

Net effect of the Split Transaction

Each shareholder will, immediately after the Split Transaction, hold one share of common stock of the Company for each 30 shares held prior to the reverse stock split and in lieu of fractional shares will receive from the Company \$300.00 in cash, without interest, for the remaining shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30. For example, if your record ownership of Company common stock is 140 shares at the effective time of the Split Transaction, you will be entitled to receive 4 post-split shares for 120 of those shares and \$6,000 in cash for the remaining 20 pre-split shares because those shares are not evenly divisible by 30 and thus would otherwise require the issuance of a

fractional share.

Each shareholder holding fewer than 30 shares:

The shareholder will receive in lieu of fractional shares from the Company \$300.00 in cash, without interest, for each share of Company common stock held immediately prior to the Split Transaction of common stock of the Company and will no longer be a shareholder of the Company. For example, if your record ownership is 20 shares of Company common stock at the effective time of the Split Transaction you will be entitled to receive \$6,000 in cash because those shares are not evenly divisible by 30 and thus would otherwise require the issuance of a fractional share.

Attached you will find a Notice of Special Meeting of Shareholders, the Company's proxy statement and a proxy card for the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card. If you do not vote, it will have the same effect as voting against the proposal to amend our Articles of Incorporation.

We thank you for your prompt attention to this matter and appreciate your continuing support.

Sincerely yours,

Thomas R. Willard

President and Chief Executive Officer

TOWER PROPERTIES COMPANY

Notice of Special Meeting of Shareholders to be held December 29, 2008

TO THE SHAREHOLDERS OF TOWER PROPERTIES COMPANY:

Tower Properties Company, a Missouri corporation (the "Company"), will hold a special meeting of shareholders on December 29, 2008, at 10:00 a.m., Central time, at Suite 1215 in the Commerce Tower, 911 Main Street, Kansas City, Missouri, for the following purposes:

1. To consider and vote upon a proposal to amend the Articles of Incorporation of the Company to effect a reverse 1-for-30 stock split of the Company's common stock (the "Split Transaction"). As a result of the Split Transaction, (a) each shareholder holding fewer than 30 shares immediately before the Split Transaction will receive from the Company \$300.00 in cash, without interest, for each share of Company common stock held immediately prior to the Split Transaction; and (b) each shareholder holding 30 or more shares immediately before the Split Transaction will hold one share of common stock of the Company for each 30 shares held prior to the Split Transaction, and, in lieu of fractional shares, will receive from the Company \$300.00 in cash, without interest, for the remaining shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30. The proposed amendment to the Articles of Incorporation is attached as Exhibit A to the accompanying proxy statement.
2. To consider and vote upon a proposal to amend the Articles of Incorporation of the Company to (i) effect a standing option for the Company to repurchase any shares of the Company's common stock proposed to be transferred if after such proposed transfer the number of shareholders of record of the Company's common stock would equal or exceed 250 (the "Repurchase Option"), and (ii) reduce the authorized capital of the Company. For purposes of the Repurchase Option, a "transfer" would include any conveyance of the Company's common stock, whether voluntary or involuntary, including but not limited to any sale, gift, assignment, bequest or devise. The proposed amendment to the Articles of Incorporation is attached as Exhibit B to the accompanying proxy statement.
3. To transact any other business that may properly come before the meeting or any adjournments or postponements of the meeting.

We have fixed the close of business on December 12, 2008 as the record date for determining shareholders entitled to notice of and to vote at the special meeting and any adjournments and postponements thereof. If your shares are held in the name of a broker, trust or other nominee, you will need a proxy or letter from the broker, trustee or nominee in order to vote your shares personally at the meeting.

A special committee of independent directors and the board of directors of the Company have carefully considered the price, terms and conditions of the proposed Split Transaction and have determined that the Split Transaction is fair to, and in the best interests of, the Company and its shareholders. **The special committee and the board of directors have unanimously approved the Split Transaction and the board of directors unanimously recommends that you vote FOR the approval of the proposed amendment to our Articles of Incorporation. The board of directors has unanimously approved the Repurchase Option and unanimously recommends that you vote FOR the approval of the proposed amendment to our Articles of Incorporation.**

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE PROPOSED TRANSACTION, PASSED UPON THE MERITS OR FAIRNESS OF THE TRANSACTION, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURES IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Your vote is important. Please sign, date and return the enclosed proxy card in the enclosed envelope, whether or not you plan to attend the special meeting. Returning your proxy card now will not interfere with your right to attend the meeting or to vote your shares personally at the meeting if you wish to do so.

By Order of the Board of Directors,

Stanley J. Weber

Secretary

Kansas City, Missouri
December 13, 2008

TOWER PROPERTIES COMPANY

PROXY STATEMENT

TABLE OF CONTENTS

| | |
|--|----|
| SUMMARY TERM SHEET | 1 |
| THE SPLIT TRANSACTION..... | 1 |
| THE REPURCHASE OPTION | 2 |
| THE PARTIES..... | 2 |
| VOTE REQUIRED; RECORD DATE..... | 2 |
| REASONS FOR THE SPLIT TRANSACTION..... | 3 |
| RECOMMENDATIONS OF THE SPECIAL COMMITTEE AND THE BOARD OF DIRECTORS | 3 |
| CONDUCT OF COMPANY BUSINESS OPERATIONS | 4 |
| BACKGROUND OF THE SPLIT TRANSACTION..... | 4 |
| RECENT MARKET PRICE OF TOWER PROPERTIES COMMON STOCK AND MARKET PRICE FOLLOWING ANNOUNCEMENT OF THE SPLIT TRANSACTION..... | 4 |
| EFFECTS OF THE SPLIT TRANSACTION | 4 |
| FAIRNESS OPINION OF FINANCIAL ADVISORS..... | 5 |
| CONDITIONS TO COMPLETION OF THE SPLIT TRANSACTION | 6 |
| EXCHANGE OF CERTIFICATES..... | 6 |
| MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES | 7 |
| NO DISSENTERS' OR APPRAISAL RIGHTS | 7 |
| SOURCES OF FUNDS; FINANCING OF THE SPLIT TRANSACTION | 7 |
| POTENTIAL CONFLICTS OF INTEREST OF AFFILIATED SHAREHOLDERS | 7 |
| QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING, SPLIT TRANSACTION, AND REPURCHASE OPTION..... | 8 |
| PROXY STATEMENT | 17 |
| SPECIAL MEETING OF SHAREHOLDERS..... | 17 |
| INTRODUCTION | 17 |
| SOLICITATION..... | 17 |
| WHO CAN VOTE AT THE SPECIAL MEETING..... | 18 |
| ATTENDING THE SPECIAL MEETING | 18 |
| VOTING BY PROXY | 18 |
| VOTE REQUIRED..... | 19 |
| VOTING BY DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS..... | 19 |

| | |
|--|----|
| PROPOSAL NO. 1 AMENDMENT TO THE ARTICLES OF INCORPORATION TO EFFECT THE SPLIT TRANSACTION | 20 |
| STRUCTURE OF THE SPLIT TRANSACTION | 20 |
| ABILITY OF CERTAIN SHAREHOLDERS TO PARTICIPATE OR NOT TO PARTICIPATE..... | 21 |
| SPECIAL FACTORS | 23 |
| BACKGROUND OF THE SPLIT TRANSACTION..... | 23 |
| PURPOSE OF THE SPLIT TRANSACTION | 23 |
| REASONS FOR THE SPLIT TRANSACTION..... | 24 |
| ALTERNATIVES CONSIDERED | 25 |
| FAIRNESS OF THE SPLIT TRANSACTION..... | 27 |
| FACTORS CONSIDERED | 28 |
| Significant cost and time savings for the Company..... | 28 |
| Ability of management to focus on operating the Company's business. | 29 |
| No change in control of the Company. | 29 |
| Fairness to all unaffiliated shareholders. | 29 |
| DISADVANTAGES OF THE SPLIT TRANSACTION:..... | 29 |
| Substantial reduction of market liquidity for our shares..... | 29 |
| FAIRNESS DETERMINATION OF THE SPECIAL COMMITTEE..... | 29 |
| FAIRNESS DETERMINATION OF THE BOARD OF DIRECTORS | 30 |
| APPRAISALS AND MARKET EVALUATIONS..... | 30 |
| OPINIONS OF THE FINANCIAL ADVISORS | 31 |
| CHRISTENBERRY COLLET & COMPANY, INC. | 31 |
| CERTAIN EFFECTS OF THE SPLIT TRANSACTION..... | 44 |
| Effects on Affiliated and Unaffiliated Shareholders..... | 44 |
| Effects on Shareholders Holding Less Than 30 Shares of Record. | 45 |
| Effects on Shareholders Holding 30 or More Shares of Record..... | 46 |
| Effects on the Company..... | 46 |
| POTENTIAL CONFLICTS OF INTEREST OF AFFILIATED SHAREHOLDERS | 48 |
| CONDUCT OF COMPANY'S BUSINESS AFTER THE TRANSACTION..... | 49 |
| ANTICIPATED ACCOUNTING TREATMENT | 49 |
| MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES | 50 |
| REGULATORY APPROVALS | 53 |
| DISSENTERS' AND APPRAISAL RIGHTS | 53 |
| ADDITIONAL INFORMATION REGARDING THE SPLIT TRANSACTION | 53 |
| COSTS OF SPLIT TRANSACTION AND SOURCE OF FUNDS | 53 |
| FINANCIAL INFORMATION | 55 |
| Summary Financial Information..... | 55 |
| Pro Forma Financial Information..... | 55 |
| MARKET FOR COMMON STOCK AND DIVIDENDS..... | 57 |
| MECHANICS OF THE SPLIT TRANSACTION | 61 |
| CONVERSION OF SHARES IN THE SPLIT TRANSACTION | 61 |
| EXCHANGE OF CERTIFICATES; PAYMENT OF CASH CONSIDERATION..... | 62 |
| TIMING OF SPLIT TRANSACTION AND REPURCHASE OPTION..... | 63 |

| | |
|--|----|
| CONDITIONS TO THE COMPLETION OF THE SPLIT TRANSACTION AND THE REPURCHASE OPTION | 63 |
| WHERE YOU CAN FIND MORE INFORMATION | 65 |
| GENERAL | 65 |
| COSTS OF PROXY SOLICITATION..... | 65 |
| OTHER MATTERS..... | 65 |
| FORWARD LOOKING STATEMENTS | 66 |
| EXHIBITS | |
| EXHIBIT A -- PROPOSED FORM OF CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION TO EFFECT REVERSE STOCK SPLIT | |
| EXHIBIT B -- PROPOSED FORM OF CERTIFICATE OF AMENDMENT TO ARTICLES OF INCORPORATION TO EFFECT REPURCHASE OPTION | |
| EXHIBIT C -- FAIRNESS OPINION TO SPECIAL COMMITTEE OF CHRISTENBERRY COLLET | |
| EXHIBIT D -- FAIRNESS OPINION TO BOARD OF DIRECTORS OF STERN BROTHERS VALUATION ADVISORS | |

SUMMARY TERM SHEET

This Summary Term Sheet, together with the section that follows entitled "Questions and Answers About the Special Meeting, Split Transaction and Repurchase Option" ("Questions and Answers") highlights selected information from the proxy statement. This Summary Term Sheet and the Questions and Answers address the material terms of the proposed Split Transaction and the proposed Repurchase Option. For a more complete description, you should carefully read this proxy statement and all of its exhibits before you vote. For your convenience, we have provided cross-references to the sections in this proxy statement where you can find a more complete discussion of each item listed below.

As used in this proxy statement, "Tower Properties," "Tower," the "Company," "we," "our," "ours" and "us" refer to Tower Properties Company, and the "Split Transaction" refers to the reverse stock split, together with the related cash payments to shareholders holding fractional shares of common stock of the Company as a result of the Split Transaction. "Repurchase Option" refers to the standing option for the Company to repurchase any shares of the Company's common stock proposed to be transferred by a shareholder after the Split Transaction if after such proposed transfer the number of shareholders of record of the Company's common stock would equal or exceed 250. The term "affiliated shareholder" means any shareholder who is affiliated with Tower Properties' directors, executive officers or Tower Properties' largest shareholder, Commerce Bank, N.A., or any other beneficial owner, if any, of 10% or more of the outstanding shares of common stock of the Company, and the term "unaffiliated shareholder" means any shareholder other than an affiliated shareholder.

THE SPLIT TRANSACTION

If the Split Transaction is approved and completed:

- Tower Properties shareholders holding fewer than 30 shares of our common stock immediately before the Split Transaction will receive from the Company \$300.00 in cash, without interest, for each share of Company common stock held immediately prior to the Split Transaction.
- Tower Properties shareholders holding 30 or more shares immediately before the Split Transaction will hold one share of our common stock for each 30 shares held prior to the reverse stock split and, in lieu of fractional shares, will receive from the Company \$300.00 in cash, without interest, for the remaining shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30.

For a more detailed discussion of the Split Transaction, see "Amendments to the Articles of Incorporation to Effect the Split Transaction – Structure of the Split Transaction" in this proxy statement. For a description of the provisions regarding the treatment of shares held in street name, see "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" in this proxy statement.

THE REPURCHASE OPTION

The Company is also asking its shareholders to consider and vote upon a proposal to amend the Articles of Incorporation of the Company to effect a standing option for the Company to repurchase any shares of the Company's common stock proposed to be transferred to a shareholder holding shares of the Company after the Split Transaction if after such proposed transfer the number of shareholders of record of the Company's common stock would equal or exceed 250 (the "Repurchase Option"). For purposes of the Repurchase Option, a "transfer" would include any conveyance of the Company's common stock, whether voluntary or involuntary, including but not limited to any sale, gift, assignment, bequest or devise. For purposes of the Repurchase Option, the number of shareholders of record would be determined by Rule 12g5-1 under the Securities Exchange Act of 1934, as amended (or any successor rule or law) and any interpretations thereof by the U.S. Securities and Exchange Commission (or any successor agency). The amendment would also reduce the authorized capital of the Company.

See "Proposal No. 2 Amendment to the Articles of Incorporation to Effect the Repurchase Option and Reduce the Company's Authorized Capital" in this proxy statement.

THE PARTIES

- Tower Properties is a Missouri corporation.
- The principal executive office of Tower Properties is located at 911 Main Street, Suite 100, Kansas City, Missouri, 64105.
- The telephone number of Tower Properties is (816) 421-8255.

VOTE REQUIRED; RECORD DATE

- Approval of the proposed amendments to our Articles of Incorporation requires the approval of the holders of at least a majority of the outstanding shares of common stock entitled to vote on the record date as of the close of business on December 12, 2008. There were 160,981 shares of our common stock outstanding as of the record date entitled to notice of and to vote at the special meeting.
- Our affiliated shareholders, who together beneficially own 74.5% of the voting power of the outstanding shares of common stock, excluding 3,706 shares held by Commerce Bank, N.A. for unaffiliated shareholders, have indicated that they intend to vote "FOR" the approval of the proposed amendments to our Articles of Incorporation. Accordingly, we believe that the requisite shareholder approval will be obtained at the special meeting.

For more information, see "Introduction – Vote Required" and "Introduction – Voting by Directors, Officers and Certain Beneficial Owners" in this proxy statement.

REASONS FOR THE SPLIT TRANSACTION

On January 6, 2006, after we determined that the number of our shareholders of record had been reduced to below 300, we filed a certification with the Securities and Exchange Commission ("SEC") to suspend our reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), which suspension became effective immediately, and to terminate the registration of our shares of common stock under the Exchange Act, which termination became effective on April 6, 2006. Under the Exchange Act, if the number of our shareholders of record increases to 300 or more as of the first day of any subsequent fiscal year, our reporting obligations under the Exchange Act will recommence.

We are proceeding with the Split Transaction and Repurchase Option to increase the probability that our shareholders of record will not increase to 300 or more in a subsequent calendar year, which would require us to resume our reporting obligations under the Exchange Act.

A special committee of independent directors and our board of directors have determined that, for the reasons discussed in detail in this proxy statement, the Split Transaction is in the best interest of the Company and our shareholders. The special committee and the board of directors believe that the Split Transaction would:

- reduce the number of our shareholders of record from 230 as of November 4, 2008 to an estimated 65 thereby increasing the probability that we will not be required to recommence our reporting obligations under the Exchange Act;
- allow management to continue to focus on business operations, as opposed to SEC compliance matters;
- afford shareholders who own fewer than 30 shares of our common stock immediately before the Split Transaction the opportunity to receive cash at a fair price for their shares, without having to pay brokerage commissions;
- increase the value of the Company to remaining shareholders through continuing cost savings realized by remaining a non-reporting company.

For more information, see "Special Factors – Reasons for the Transaction" in this proxy statement.

RECOMMENDATIONS OF THE SPECIAL COMMITTEE AND THE BOARD OF DIRECTORS

The special committee negotiated the cash consideration to be paid to shareholders entitled to a cash payment as a result of the Split Transaction and determined that the Split Transaction is fair to the Company's shareholders receiving the cash consideration for all of their shares held prior to the Split Transaction and is in the best interest of the Company. The special committee has unanimously approved the Split Transaction, recommended that the board approve the Split Transaction and recommends to unaffiliated shareholders that they approve the

proposed amendments to our Articles of Incorporation. See "Special Factors – Fairness of the Split Transaction – Fairness Determination of the Special Committee" in this proxy statement.

The board of directors of Tower Properties, based on the recommendation of the special committee and other factors it has deemed relevant, has unanimously determined that the Split Transaction is fair to and in the best interests of Tower Properties and its shareholders and recommends that shareholders vote "FOR" the approval of the proposed amendments to our Articles of Incorporation. See "Special Factors – Fairness of the Split Transaction – Fairness Determination of the Board of Directors" in this proxy statement. The board of directors has unanimously approved the Repurchase Option and unanimously recommends that you vote FOR the approval of the proposed amendment to our Articles of Incorporation.

CONDUCT OF COMPANY BUSINESS OPERATIONS

The Split Transaction is not expected to affect the conduct of the Company's existing business operations or to change our business objective, which is to maximize long-term growth to our shareholders, except for the anticipated cost and management time savings resulting from continuing to be a non-reporting company. See "Certain Effects of the Split Transaction – Conduct of Company's Business After the Split Transaction" in this proxy statement.

BACKGROUND OF THE SPLIT TRANSACTION

Please see "Special Factors – Background of the Split Transaction" in this proxy statement for a discussion of the events leading up to the public announcement of the proposed Split Transaction.

RECENT MARKET PRICE OF TOWER PROPERTIES COMMON STOCK AND MARKET PRICE FOLLOWING ANNOUNCEMENT OF THE SPLIT TRANSACTION

The last trade of our common stock on December 8, 2008, the most recent date for which we have trading information, was \$238 per share. The closing price of our common stock on November 20, 2008, the most recent day on which a trade occurred before the public announcement of the board of director's approval of the reverse stock split, was \$185 per share.

EFFECTS OF THE SPLIT TRANSACTION

As a result of the Split Transaction, we anticipate that:

- the number of our shareholders of record will decrease from 230 as of November 4, 2008 to an estimated 65, thereby increasing the probability that our shareholders of record will not increase to 300 or more in a subsequent calendar year, which would require us to recommence our reporting obligations under the Exchange Act;
- there will continue to be less public information regarding Tower Properties as we remain not subject to the reporting obligations under the Exchange Act as a result of the Split Transaction;

- shareholders who hold fewer than 30 shares immediately before the Split Transaction will no longer have an interest in or be shareholders of Tower Properties and will not be able to participate in any future earnings and growth of the Company, unless they subsequently acquire shares of our common stock;
- as a result of the continued suspension of our reporting obligations under the Exchange Act due to the Split Transaction, any future trading in our common stock would only occur as a result of "pink sheets" quotations of unsolicited customer orders, or in privately negotiated sales;
- the number of outstanding shares of our common stock will decrease by approximately 1.4% from 160,981 shares to an estimated 158,681 shares (on a pre-split basis, with the number outstanding post-split estimated to be 5,289), at an estimated cost to Tower Properties of approximately \$1,225,000 (including expenses);
- we estimate that we will avoid a one-time expense of approximately \$485,000 in accounting, personnel and other expenses and annual expenses of \$275,000 in subsequent years as a result of the Company remaining a non-reporting company;
- the ownership percentage of our common stock beneficially owned by all of our affiliated shareholders as a group will increase from approximately 74.5% to approximately 75.6%;
- aggregate shareholders' equity of Tower Properties as of September 30, 2008 will be reduced by the proposed Split Transaction from approximately \$39,072,000 on a historical basis to approximately \$37,847,000 on a pro forma basis; and
- the book value per share of our common stock as of September 30, 2008, will decrease due to the Split Transaction from \$243 per share on a historical basis to \$239 per share on a pro forma basis (calculated on a pre-split basis).

See "Special Factors – Certain Effects of the Split Transaction" in this proxy statement.

FAIRNESS OPINION OF FINANCIAL ADVISORS

The board of directors formed a committee of independent directors to represent the interests of the Company's unaffiliated shareholders, including those who would receive cash in the Split Transaction. The committee of independent directors (the "special committee") retained its own counsel, Sonnenschien Nath & Rosenthal LLP, and its own financial adviser, Christenberry Collet & Company, Inc. ("Christenberry Collet"). Christenberry Collet issued an opinion, dated December 3, 2008, to the special committee that the cash consideration that the unaffiliated shareholders would receive as a result of the Split Transaction was fair, from a financial point of view, to the unaffiliated shareholders. The special committee considered the fairness opinion prepared by Christenberry Collet, the factors underlying the range of values as presented by Christenberry Collet, and other factors that the special committee deemed relevant and determined that \$300 per share represented a fair value for the Split Transaction consideration and recommended that price to the full board of directors.

The board of directors retained Stern Brothers Valuation Advisors ("Stern"), an independent financial advisor, to assist our board of directors in determining a fair price for shares of our common stock. Stern evaluated the fairness, from a financial point of view, of the cash consideration to be paid as a result of the Split Transaction. Stern issued an opinion, dated December 3, 2008, to our board of directors that the cash consideration to be received was fair, from a financial point of view, to the Company's shareholders who would continue to hold shares following the Split Transaction.

The board of directors considered the recommendation of the special committee, the fairness opinion prepared by Stern, the factors underlying the range of values as presented by Stern and by Christenberry, and other factors that the board deemed relevant and set the value of the cash consideration to be received as a result of the Split Transaction at \$300.00 per share.

The full texts of the written opinions of Christenberry Collet and Stern, each dated December 3, 2008, which set forth the assumptions made, matters considered, and limitations on the reviews undertaken by Christenberry Collet and Stern in connection with their respective opinions are attached to this proxy statement as Exhibits C and D and are incorporated herein by reference. You should read carefully the opinions in their entirety in conjunction with this proxy statement. The analysis and opinion of Christenberry Collet was prepared solely for the benefit and use of the special committee in connection with its evaluation of the Split Transaction. The analysis and opinion of Stern was prepared solely for the benefit and use of the board of directors in its evaluation of the Split Transaction. Such opinions do not constitute recommendations as to how you should vote with respect to the proposed Split Transaction.

For a more detailed discussion of the opinions, see "Special Factors – Opinions of the Financial Advisors" in this proxy statement.

CONDITIONS TO COMPLETION OF THE SPLIT TRANSACTION

The completion of the Split Transaction depends upon the approval by the holders of at least a majority of our outstanding shares of the proposed amendments to our Articles of Incorporation that will implement the Split Transaction.

EXCHANGE OF CERTIFICATES

Promptly after the Split Transaction, our transfer agent acting as paying agent will send a letter of transmittal and instructions to effect the surrender of certificates for Tower Properties common stock to all shareholders. All record shareholders will need to surrender their certificates as directed in the letter of transmittal. Upon surrender of a certificate for cancellation to the paying agent, together with such letter of transmittal, duly completed and executed, the shareholders holding fewer than 30 shares of common stock prior to the Split Transaction will receive payment of the cash consideration of \$300.00, without interest, for each share of Company common stock held immediately prior to the Split Transaction. Shareholders holding 30 or more shares of common stock of the Company prior to the Split Transaction will be issued new certificates representing their new ownership interests in the Company resulting from the Split Transaction and, as applicable, will receive cash in lieu of fractional shares. See "The

Proposed Amendments – Exchange of Certificates; Payment of Cash Consideration" in this proxy statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

We believe that the Split Transaction will be treated as a tax-free "recapitalization" for federal income tax purposes. This will result in no material federal income tax consequences to the Company. For shareholders, the receipt of cash in the Split Transaction will be taxable for U.S. federal income tax purposes as a capital gain, in most instances. Shareholders who receive cash for a portion of their interest in the Company as a result of the Split Transaction may be subject to certain other tax considerations. Shareholders who do not receive cash in the Split Transaction should not be subject to taxation as a result of the Split Transaction. The material U.S. federal income tax consequences are discussed in more detail under "Special Factors—Material U.S. Federal Income Tax Consequences" in this proxy statement.

NO DISSENTERS' OR APPRAISAL RIGHTS

Under Missouri law, our Articles of Incorporation and by-laws, you are not entitled to dissent from the Split Transaction or the Repurchase Option and receive an appraisal of the "fair value" of your shares. See the discussion under "Special Factors – Dissenters' and Appraisal Rights" in this proxy statement.

SOURCES OF FUNDS; FINANCING OF THE SPLIT TRANSACTION

We estimate that the total funds required to pay the cash consideration to our shareholders receiving cash in the Split Transaction and to pay fees and expenses relating to the Split Transaction will be approximately \$1,225,000. The consideration to be paid to shareholders and the fees and expenses incurred in connection with the Split Transaction will be paid from the Company's current cash and cash available by drawing on our lines of credit. For more information, see "Special Factors – Costs of the Split Transaction and Source of Funds" in this proxy statement.

POTENTIAL CONFLICTS OF INTEREST OF AFFILIATED SHAREHOLDERS

The executive officers and directors of Tower Properties and Tower Properties' largest shareholder, Commerce Bank, N.A., in which David M. Kemper is President and Chief Executive Officer and Jonathan M. Kemper is Vice Chairman of the Board of Directors, may have interests in the Split Transaction that are different from your interests as a shareholder, or relationships that may present conflicts of interest, including the following:

- Commerce Bank, N.A., in a representative capacity, David W. Kemper, a director of the Company, Jonathan M. Kemper, a director and non-executive Chairman of the Board, James M. Kemper, Jr., a director, John W. Kemper, a director, and William E. Quirk and Brian D. Everist, directors and members of the special committee, each hold of record more than 30 shares of Tower Properties common stock and will continue to hold shares after the Split Transaction.

- As a result of the Split Transaction, shareholders who own 30 or more shares immediately before the Split Transaction, such as Commerce Bank, N.A., in a representative capacity, David W. Kemper, a director, Jonathan M. Kemper, a director, James M. Kemper, Jr., a director, John W. Kemper, a director, and William E. Quirk and Brian D. Everist, directors and members of the special committee, will increase their percentage ownership interest in Tower Properties as a result of the Split Transaction. For example, assuming that the Split Transaction is approved and completed and the number of our shares outstanding is reduced by 2,300 shares as a result of the Split Transaction (on a pre-split basis), after the Split Transaction the ownership percentage of Commerce Bank, N.A. in a representative capacity would increase from 31.4% to 31.9%, the ownership percentage of David W. Kemper would increase from 17.6% to 17.8%, the ownership percentage of Jonathan M. Kemper would increase from 17.5% to 17.8%, the ownership percentage of James M. Kemper, Jr. would increase from 8.3% to 8.4%, and the ownership percentage of John W. Kemper would increase from 1.37% to 1.39%. The ownership percentages of Messrs. Quirk and Everist would remain at less than 1% as a result of the Split Transaction.

See "Special Factors – Potential Conflicts of Interest of Affiliated Shareholders" in this proxy statement.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING, SPLIT TRANSACTION, AND REPURCHASE OPTION

ABOUT THE SPECIAL MEETING AND VOTING PROCEDURES

**Q: WHY DID YOU SEND ME
THIS PROXY STATEMENT?**

A: We sent you this proxy statement and the enclosed proxy card because our board of directors is soliciting your votes for use at our special meeting of shareholders.

This proxy statement provides information that you need to know in order to cast an informed vote at the special meeting. However, you do not need to attend the special meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

We began sending this proxy statement, notice of special meeting and the enclosed proxy card on or about December 13, 2008 to all shareholders entitled to notice of and to vote at the special meeting. The record date for shareholders entitled to vote is December 12, 2008. On that date, there were 160,981 shares of our common stock

outstanding.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. After the Split Transaction is completed, instructions will be sent to you on how to receive any cash consideration which you may be entitled to receive or otherwise regarding when to surrender your stock certificate. All record holders will need to surrender their certificates as directed in the instructions to be sent.

Q: WHAT IS THE TIME AND PLACE OF THE SPECIAL MEETING?

A: The special meeting will be held at Suite 1215 in the Commerce Tower, 911 Main Street, Kansas City, Missouri, at 10:00 a.m., Central time, on December 29, 2008.

Q: WHAT AM I BEING ASKED TO VOTE ON?

A: You are being asked to vote on the approval of proposed amendments to our Articles of Incorporation that will (i) provide for a reverse 1-for-30 stock split; and (ii) effect a standing option for the Company to repurchase any shares of the Company's common stock proposed to be transferred by shareholders.

Under the Split Transaction, shareholders whose shares are converted into less than one share in the reverse split will receive \$300.00 cash, without interest from the Company for each share of Company common stock held immediately prior to the Split Transaction. Shareholders who own 30 or more shares immediately before the Split Transaction will hold one share of common stock of the Company for each 30 shares held prior to the reverse stock split and in lieu of fractional shares will receive \$300.00 cash, without interest, from the Company for the remaining shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30.

The Repurchase Option will help ensure that the Company does not inadvertently become subject to federal securities law reporting requirements and Section 404 of Sarbanes-

Oxley in the future.

Q: WHO MAY BE PRESENT AT THE SPECIAL MEETING AND WHO MAY VOTE?

A: All holders of our common stock may attend the special meeting in person. However, only holders of common stock of record as of December 12, 2008 may cast their votes in person or by proxy at the special meeting. Shareholders are entitled to one vote for each share of common stock held as of the record date.

Q: WHAT IS THE VOTE REQUIRED TO APPROVE THE PROPOSED AMENDMENTS?

A: The proposed amendments to our Articles of Incorporation must receive the affirmative vote of the holders of at least a majority of our shares of common stock issued and outstanding as of the record date. If you do not vote your shares, either in person or by proxy, or if you abstain from voting on this matter, it has the same effect as if you voted against the proposed amendments. In addition, if you do not instruct your broker on how to vote your shares on the proposed amendments, your broker will not be able to vote for you. This will have the same effect as a vote against the proposed amendments.

As of the record date, the affiliated shareholders of Tower Properties beneficially owned a total of 119,955 shares of our common stock, or approximately 74.5% of our total shares entitled to vote at the special meeting.

The affiliated shareholders, who together have 74.5% of the voting power of our shares entitled to vote, excluding 3,706 shares held by Commerce Bank, N.A. for unaffiliated shareholders, have indicated that they intend to vote all of their shares "FOR" the approval of the amendments to our Articles of Incorporation. Accordingly, we believe that the requisite shareholder approval will be obtained.

Q: WHO IS SOLICITING MY PROXY?

A: The board of directors of the Company.

Q: WHAT IS THE COMPANY'S VOTING RECOMMENDATION REGARDING THE PROPOSALS?

A: A special committee of independent directors has determined that the Split Transaction is fair to the unaffiliated shareholders, including those unaffiliated shareholders who would receive cash for all of their shares as a result of the Split Transaction, and in the best interests of the Company. Our board of directors has determined that the Split Transaction is fair to those shareholders who will continue to hold shares following the Split Transaction and in the best interests of the Company. The special committee and board of directors have therefore unanimously approved the Split Transaction and the board of directors unanimously recommends that you vote your shares "FOR" approval of Proposal 1 at the special meeting. The board of directors has determined that the Repurchase Option is in the best interests of the Company and has unanimously approved the Repurchase Option and recommend that you vote your shares "FOR" approval of Proposal 2 at the special meeting.

Q: WHAT DO I NEED TO DO NOW?

A: Please sign, date and complete your proxy card and promptly return it in the enclosed, self addressed, prepaid envelope so that your shares can be represented at the special meeting.

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Your broker will vote your shares for you with respect to the proposed amendments to our Articles ONLY if you instruct your broker how to vote them. Your broker should mail information to you that will explain how to give your broker these instructions.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. Just send by mail a written revocation or a later-dated, completed and signed proxy card before the special meeting, or simply attend the special meeting and vote in person. You may not change your vote by facsimile or telephone.

Q: WHAT IF I DO NOT SEND BACK A PROXY CARD OR VOTE MY SHARES IN PERSON AT THE SPECIAL MEETING?

A: If you do not return your proxy card or vote your shares in person at the special meeting, your inaction will be treated as a non-vote with respect to the proposed amendments to our Articles of Incorporation. This will have the same effect as if you voted against the proposed amendments.

Q: WHAT HAPPENS IF I SELL MY COMPANY SHARES BEFORE THE SPECIAL MEETING?

A: The record date for the special meeting is earlier than the targeted effective date of the Split Transaction. If you own shares on the record date for the special meeting, but transfer your shares after the record date and before the effective date of the Split Transaction, you will retain your right to vote at the special meeting based on the number of shares you owned on the record date. If you sell or transfer a sufficient number of shares so that you own fewer than 30 shares immediately before the effective date of the Split Transaction, you will receive \$300.00 for each share of Company common stock held immediately prior to the Split Transaction. The proposed amendment to the Articles of Incorporation that would effect the Split Transaction is attached as Exhibit A to the accompanying proxy statement.

Q: WHAT HAPPENS IF THE SPECIAL MEETING IS POSTPONED OR ADJOURNED?

A: Your proxy card will be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy card until it is voted.

ABOUT THE PROPOSALS

Q: WHAT WILL I RECEIVE IN THE SPLIT TRANSACTION?

A: If you hold fewer than 30 shares of our common stock of record immediately before the Split Transaction, you will receive from the Company \$300.00 in cash, without interest, for each share of Company common stock held immediately prior to the Split Transaction. If you hold 30 or more shares of Company common stock of record immediately before the Split Transaction,

immediately after the Split Transaction, you will hold one share of common stock of the Company for each 30 shares held prior to the Split Transaction and in lieu of fractional shares will receive from the Company \$300.00 in cash, without interest, for the remaining shares of Company common stock held immediately prior to the Split Transaction not evenly divisible by 30. Please read the discussion in this proxy statement under "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" for a description of the treatment of shares held in street name.

Q: IF I OWN SHARES HELD IN STREET NAME, WILL THESE SHARES BE SUBJECT TO THE TERMS OF THE SPLIT TRANSACTION?

A: If you hold a number of shares of common stock not evenly divisible by 30 in street name through a nominee (such as a bank or broker), you may or may not receive cash in the Split Transaction. Under Missouri law, the Split Transaction would operate only at the level of shareholders of record. Beneficial owners who hold shares in street name are not shareholders of record and would not automatically receive cash for their shares in the Split Transaction in the same manner as shareholders of record. We are offering to treat shareholders beneficially owning shares held in street name in the same manner as shareholders of record. However, as nominees have differing procedures, your nominee would have discretion in determining whether to accept our offer. To determine the Split Transaction's effect on any shares which you hold in street name, you should therefore contact your bank, broker or other nominee for instructions. If you have doubts as to whether your nominee will effect the Split Transaction with respect to your shares beneficially owned in street name, you may ensure that your shares will be subject to the Split Transaction by requesting your nominee to have your shares taken out of street name

and registered directly in your name prior to the effective date of the Split Transaction. See "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" in this proxy statement.

Q: WILL COMPANY SHARES BE TRADED AFTER THE SPLIT TRANSACTION?

A: As a result of the continued suspension of our reporting obligations under the Exchange Act, any trading in our common stock will continue to occur only as a result of "pink sheets" quotations of unsolicited customer orders or in privately negotiated sales. See "Special Factors – Factors Considered – Disadvantages of the Split Transaction" in this proxy statement. We expect the Repurchase Option to be in effect immediately after the Split Transaction.

Q: HOW WILL THE COMPANY BE OPERATED AFTER THE SPLIT TRANSACTION?

A: We expect our business and operations to continue as they are currently being conducted. The Split Transaction is not anticipated to have any effect upon the conduct of our business, except as disclosed in this proxy statement. As a result of the Split Transaction, shareholders of the Company who receive cash for all of their shares will no longer have a continuing interest as shareholders of the Company and will not share in any potential future earnings and growth of the Company. See "Special Factors – Conduct of Company's Business After the Split Transaction" in this proxy statement.

Q: WHEN DO YOU EXPECT THE SPLIT TRANSACTION TO BE COMPLETED? WHEN DO YOU EXPECT THE REPURCHASE OPTION TO BE EFFECTIVE?

A: We expect the Split Transaction to be completed and effective at 11:58 p.m. on December 31, 2008. We expect the Repurchase Option to become effective immediately thereafter.

Q: WHAT ARE THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE

A: The receipt of cash in the Split Transaction will be taxable for U.S. federal income tax purposes as a capital gain, in most instances.

TRANSACTION TO ME?

Shareholders who receive cash for a portion of their interest in the Company as a result of the Split Transaction may be subject to certain other tax considerations. Shareholders who do not receive cash in the Split Transaction should not be subject to taxation as a result of the Split Transaction. To review the material tax consequences in greater detail, please read the discussion under "Special Factors – Material U.S. Federal Income Tax Consequences" in this proxy statement.

Q: MAY I BUY ADDITIONAL SHARES IN ORDER TO REMAIN A SHAREHOLDER OF THE COMPANY?

A: Yes. The key date is the effective date of the Split Transaction. So long as you are able to acquire a sufficient number of shares so that you own of record 30 or more shares at the effective date of the Split Transaction, which we expect to occur at 11:58 p.m. on December 31, 2008, you will remain a shareholder of the Company. See "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" in this proxy statement.

Q: IF I HOLD MORE THAN 30 SHARES OF RECORD, IS THERE ANYTHING I CAN DO TO TAKE ADVANTAGE OF THE OPPORTUNITY TO RECEIVE CASH AS A RESULT OF THE SPLIT TRANSACTION?

A: Yes. If you hold 30 or more shares of record before the Split Transaction, but would like to take advantage of the opportunity to receive \$300.00 in cash for each resulting fractional share as a result of the Split Transaction, you may reduce your stock ownership to less than 30 shares of record before the effective date of the Split Transaction by selling or otherwise transferring your shares. If you own fewer than 30 shares of record immediately before the effective date of the Split Transaction, those shares will be cashed out in the Split Transaction at \$300.00 for each share of Company common stock held immediately prior to the Split Transaction. See "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to

Participate or Not to Participate" in this proxy statement.

Q: SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

A: No. Promptly after the Split Transaction is completed, instructions will be sent to you on how to receive any cash consideration to which you may be entitled.

Q: WHO CAN HELP ANSWER MY QUESTIONS?

A: If you have any questions concerning the Split Transaction or the special meeting, or if you would like additional copies of this proxy statement or proxy card, please contact: Mr. Stanley J. Weber, Secretary of Tower Properties. The telephone number is (816) 421-8255.

**PROXY STATEMENT
TOWER PROPERTIES COMPANY**

SPECIAL MEETING OF SHAREHOLDERS

December 29, 2008

INTRODUCTION

SOLICITATION

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Tower Properties Company (the "Company") to be used at a special meeting of shareholders of the Company to be held on December 29, 2008, at 10:00 a.m., Central time, at Suite 1215 in the Commerce Tower, 911 Main Street, Kansas City, Missouri (the "special meeting"). The approximate date on which this proxy statement and the accompanying form of proxy card are being sent to shareholders is on or about December 13, 2008. The Company's principal executive office is located at 911 Main Street, Suite 100, Kansas City, Missouri 64106.

At the special meeting, the following matters will be considered and voted upon by the shareholders:

- (1) a proposal to approve proposed amendments to our Articles of Incorporation to effect a reverse 1-for-30 stock split of our common stock (the "Split Transaction"), with the result that shareholders holding fewer than 30 shares of common stock before the Split Transaction will receive from the Company \$300.00 in cash, without interest, for each share of Company common stock held immediately prior to the Split Transaction; and shareholders holding 30 or more shares of common stock before the Split Transaction will hold one share of common stock of the Company for each 30 shares held prior to the reverse stock split and will receive from the Company \$300.00 in cash, without interest, for shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30;
- (2) a proposal to amend the Articles of Incorporation of the Company to effect a standing option for the Company to repurchase any shares of the Company's common stock proposed to be transferred to a shareholder holding shares of the Company after the Split Transaction if after such proposed transfer the number of shareholders of record of the Company's common stock would equal or exceed 250 (the "Repurchase Option"). For purposes of the Repurchase Option, a "transfer" would include any conveyance of the Company's common stock, whether voluntary or involuntary, including but not limited to any sale, gift, assignment, bequest or devise; and

- (3) the transaction of any other business that may properly come before the special meeting or any adjournments or postponements of the special meeting.

The board of directors has unanimously approved the Repurchase Option and, upon the recommendation of the special committee, has also unanimously approved the Split Transaction and recommends that you vote "FOR" the approval of the proposed amendments to our Articles of Incorporation.

WHO CAN VOTE AT THE SPECIAL MEETING

You are entitled to vote your shares at the special meeting only if our records show that you held your shares as of the record date, which is December 12, 2008. On the record date, there were 160,981 shares of Company common stock (the "common stock") outstanding.

ATTENDING THE SPECIAL MEETING

If you are a shareholder of record, you may attend the special meeting and vote in person, or you may vote by proxy at the special meeting. If you are a beneficial owner of common stock and your shares are held by a broker, bank or other nominee (i.e., in "street name"), you will need proof of ownership to be admitted to the special meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your common stock held in street name in person at the special meeting, you must obtain a written proxy from the broker, bank or other nominee who holds your shares authorizing you to vote.

VOTING BY PROXY

If the accompanying proxy card is signed and returned, your shares represented by the proxy will be voted in accordance with the specifications thereon. If the manner of voting your shares is not indicated on the proxy card, they will be voted (a) "FOR" approval of the proposed amendment to our Articles of Incorporation to effect the reverse 1-for-30 stock split of the common stock; (b) "FOR" approval of the proposed amendment to our Articles of Incorporation to effect the Repurchase Option; and (c) in the discretion of the persons named in the proxy on any other matter that is properly presented and voted on at the special meeting.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either give our corporate Secretary a written notice of revocation bearing a later date than the proxy, submit a later-dated proxy card to our corporate Secretary, or attend the special meeting and vote your shares in person. Your attendance at the special meeting will not automatically revoke your proxy.

If you hold your shares in street name, please contact your broker for additional information regarding the voting of your shares. Your broker may allow you to deliver your voting instructions via telephone or internet. Please see the voting instructions form provided you by your broker. If your shares are not registered in your name, you will need additional documentation from the record holder of your shares to vote your shares in person.

VOTE REQUIRED

Shareholders are entitled to one vote per share on all matters presented at the special meeting. The presence in person or by proxy of the holders of a majority of the outstanding shares of common stock will constitute a quorum for the transaction of business at the special meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. A broker non-vote occurs when a shareholder fails to provide voting instructions to the shareholder's broker for shares held in street name. Under these circumstances, the broker may be authorized to vote the shares on some routine items, but is prohibited from voting on other items. The items for which a shareholder's broker cannot vote without the shareholder's instructions result in a broker non-vote. Brokers will not have authority to vote on the proposed amendments to the Articles of Incorporation without shareholder instructions. In the absence of shareholder instructions, broker non-votes will result.

Approval of the proposed amendments to our Articles of Incorporation requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote thereon. Abstentions and broker non-votes will have the same effect as votes **against** the proposals.

VOTING BY DIRECTORS, OFFICERS AND CERTAIN BENEFICIAL OWNERS

As of the record date, the current directors and executive officers of Tower Properties and Commerce Bank, N.A., our largest and only 10% or more shareholder, together had voting power over 119,955 of our shares (excluding 3,706 shares held by Commerce Bank, N.A. in a representative capacity for unaffiliated shareholders), which constitutes 74.5% of the voting power of the outstanding shares of common stock entitled to vote at the special meeting. The directors and executive officers of Tower Properties and their affiliates have indicated they will vote all of their shares in favor of the amendments to our Articles of Incorporation. Commerce Bank, N.A. has advised us that it will vote the shares as to which it has voting authority in a representative capacity for the unaffiliated shareholders in the best interests of its clients and beneficiaries. Accordingly, we believe that the requisite shareholder approval will be obtained at the special meeting.

PROPOSAL NO. 1

AMENDMENT TO THE ARTICLES OF INCORPORATION TO EFFECT THE SPLIT TRANSACTION

STRUCTURE OF THE SPLIT TRANSACTION

The board of directors, upon the recommendation and approval of a special committee of independent directors (the "special committee"), has authorized the Split Transaction and recommends that you approve it. The Split Transaction consists of a 1-for-30 reverse stock split, such that shareholders holding fractional shares as a result of the Split Transaction will have their fractional shares cancelled and converted into the right to receive the cash consideration set forth herein. We expect the Split Transaction to take place on December 31, 2008 (the "effective date"). At 11:58 p.m., Central time, on December 31, 2008, the Company will effect a 1-for-30 reverse stock split of our common stock, pursuant to which each shareholder owning 30 or more shares of common stock immediately before the reverse stock split will immediately after the reverse stock split hold one share of common stock of the Company for each 30 shares held prior to the reverse stock split and will receive from the Company \$300.00 in cash, without interest, for remaining shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30. Each shareholder holding fewer than 30 shares immediately before the reverse stock split will receive \$300.00 cash consideration, without interest, for each share of Company common stock held immediately prior to the Split Transaction and will no longer be a shareholder of the Company.

As of December 12, 2008, there were 160,981 shares of our common stock issued and outstanding. As of November 4, 2008, our outstanding shares of common stock were held by approximately 230 shareholders of record. Of these shareholders of record, approximately 165 shareholders were shareholders holding fewer than 30 shares of common stock of the Company (not including beneficial owners owning less than 30 shares registered in "street name"). Collectively, shareholders holding fewer than 30 shares of common stock of the Company then owned an aggregate of approximately 188 shares, or 0.12% of our outstanding shares of common stock.

We do not know the exact number of shares of our common stock owned beneficially (but not of record) by shareholders holding fewer than 30 shares of common stock of the Company whose shares are held in street name. However, based on information obtained from our transfer agent and from the securities depository which holds most of our shares in street name, we estimate that as of November 4, 2008 there were, in addition to the 188 shares owned of record by shareholders holding fewer than 30 shares of common stock of the Company, approximately 273 shares beneficially owned by shareholders holding fewer than 30 shares of common stock of the Company whose shares were held in street name. In making the computations set forth in this proxy statement (including the preparation of the pro forma financial information included herein), we have assumed that all of the shares beneficially owned by shareholders holding fewer than 30 shares whose shares are held in street name will choose to participate in the Split Transaction. Due to changes in our share ownership which may occur prior to the effective date of the Split Transaction, the actual distribution of our shares held in street name, and the extent to which beneficial owners of shares held in street name participate in

the Split Transaction, our estimates are imprecise and could vary materially from those set forth herein. See "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" in this proxy statement.

The special committee was appointed to represent in the Split Transaction the interests of shareholders who are not affiliated with Tower Properties' directors, executive officers and Commerce Bank, N.A. (the "unaffiliated shareholders"). The special committee negotiated the cash consideration to be paid to shareholders receiving cash in the Split Transaction, negotiated the other terms and conditions of the Split Transaction, considered its fairness to unaffiliated shareholders and received a fairness opinion from its financial advisor, Christenberry Collet to the effect that the Split Transaction with assumed cash consideration of \$300.00 per share was fair to the unaffiliated shareholders from a financial point of view. The special committee determined that the Split Transaction is procedurally and substantively fair to the unaffiliated shareholders and recommended that our board of directors approve the Split Transaction. Our board of directors also received the opinions of its financial advisor, Stern Brothers Valuation Advisors ("Stern"), to the effect that the Split Transaction is fair to the shareholders of Tower Properties who own more than 30 shares and who will thus continue as shareholders of the Company. We currently estimate that shareholders who receive cash as a result of the Split Transaction will receive such cash for their cancelled shares within approximately three weeks after the effective date of the Split Transaction.

For a more detailed discussion, see "Special Factors – Fairness of the Split Transaction" and "Split Transaction – Exchange of Certificates; Payment of Cash Consideration" in this proxy statement.

ABILITY OF CERTAIN SHAREHOLDERS TO PARTICIPATE OR NOT TO PARTICIPATE

Shareholders Holding Less Than 30 Shares of Record.

If you hold fewer than 30 shares of common stock of the Company, but you would rather continue to own shares of our common stock after the Split Transaction and not be cashed out, you may do so by taking either of the following actions:

- Purchase a sufficient number of additional shares of our common stock on the open market and have them registered in your name and consolidated with your current record account, if you are a record holder, so that you hold at least 30 shares of common stock in your record account immediately before the effective date of the Split Transaction; or
- If you have multiple accounts, consolidate your accounts so that you hold at least 30 shares of common stock in one record account immediately before the effective date.

You may also be able to avoid being cashed out by holding your shares in street name through a nominee which has 30 or more shares of record, subject to the possibility that other shareholders may take actions to reduce the number of shares held through such nominee to a

level below 30. You should act far enough in advance so that your purchase of additional shares and/or consolidation of your accounts is completed by the close of business prior to the effective date of the Split Transaction. The effective date is December 31, 2008.

Shareholders Holding Less Than 30 Shares in Street Name.

Under Missouri law, the proposed Stock Split would operate only at the level of shareholders of record. Beneficial owners whose shares are held in street name are not shareholders of record. As a result, shareholders holding fewer than 30 shares of common stock of the Company who beneficially own their shares in street name immediately before the Split Transaction may not automatically have their shares cashed out in the Split Transaction. However, we are offering to treat shareholders who beneficially own shares in street name through a nominee in the same manner as shareholders of record.

Accordingly, we intend to allow nominees to submit to us to be cashed out in the Split Transaction shares of common stock held in street name in accounts that would qualify to be cashed out in the Split Transaction (accounts holding less than 30 shares of common stock), but for the fact that they are not held of record by the beneficial owners. However, as nominees have differing procedures, your nominee would have discretion in determining whether to accept our offer and would not be legally obligated to effect the Split Transaction with respect to your shares held in street name. To determine the Split Transaction's effect on any shares which you hold in street name, you should therefore contact your bank, broker or other nominee for instructions. If you have doubts as to whether your nominee will effect the Split Transaction with respect to your shares held in street name, you may ensure that your shares will be subject to the Split Transaction by requesting your nominee to have your shares taken out of street name and registered directly in your name prior to the effective date of the Split Transaction.

Shareholders Holding 30 or More Shares of Record.

Shareholders holding 30 or more shares of record who would like to take the opportunity to receive \$300.00 for each resulting fractional share as a result of the Split Transaction may transfer the shares of record they hold to different accounts (e.g. their own name and one or more brokerage accounts), so that fewer than 30 shares are held of record in one account, or may reduce their stock ownership to less than 30 shares of record before the effective date of the Split Transaction by selling or otherwise transferring a portion of their shares.

You should act far enough in advance so that your sale or other transfer of your shares is completed by the close of business prior to the effective date of the Split Transaction.

SPECIAL FACTORS

BACKGROUND OF THE SPLIT TRANSACTION

On January 6, 2006, after we determined that the number of our shareholders of record had been reduced to below 300, we filed a certification with the SEC to suspend our reporting obligations under the Exchange Act. Prior to the suspension of our filing obligations, we were obligated to prepare and file with the SEC, among other items, the following:

- Current Reports on Form 8-K;
- Quarterly Reports on Form 10-Q;
- Annual Reports on Form 10-K;
- Proxy statements and annual shareholder reports as required by Regulation 14A under the Exchange Act;
- Schedule 14D-9 Solicitation/Recommendation Statements in the event of tender offers for our shares; and
- Schedule 13E-3 Transaction Statements in the event we engaged in "going private" transactions.

We incurred direct and indirect costs associated with meeting these reporting requirements and the other requirements imposed on public reporting companies by the Exchange Act. These costs of compliance are expected to increase significantly with the implementation of the provisions of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), particularly the internal control provisions of Section 404 of Sarbanes-Oxley. See "Special Factors – Reasons for the Split Transaction" below for an itemized estimation of these costs.

PURPOSE OF THE SPLIT TRANSACTION

Under the Exchange Act, if the number of our shareholders of record should increase to 300 or more as of the first day of any subsequent fiscal year, our reporting obligations under the Exchange Act would recommence.

We are proceeding with the Split Transaction to increase the probability that our shareholders of record will not increase to 300 or more in a subsequent fiscal year, which would require us to resume reporting under the Exchange Act.

The benefits of the Split Transaction include:

- reducing the number of our shareholders of record from 230 as of November 4, 2008 to an estimated 65, thereby increasing the probability that we will not be required in the future to recommence our reporting obligations under the Exchange Act;

- permitting management to focus on business operations, as opposed to compliance matters;
- increasing the value of the Company to remaining shareholders through cost savings realized by remaining a non-reporting company; and
- affording shareholders holding a fractional share as a result of the Split Transaction the opportunity to receive cash for their fractional shares, without having to pay brokerage commissions.

REASONS FOR THE SPLIT TRANSACTION

Prior to the suspension of our reporting obligations under the Exchange Act, we incurred direct and indirect costs associated with compliance with the Exchange Act's reporting and other requirements imposed on public companies. These costs of compliance are expected to increase significantly with the implementation of the internal controls audit requirements of Section 404 of Sarbanes-Oxley. The Company also incurred substantial indirect costs as a result of the executive time spent preparing and reviewing filings and complying with these requirements. Since the Company has relatively few executive personnel, these indirect costs can be substantial.

We estimate that by effecting the Split Transaction, we will obtain greater assurance that the Company will avoid a one-time expense of approximately \$485,000, as itemized below, and annual expenses of \$275,000 in subsequent years, by maintaining the suspension of our Exchange Act reporting obligations.

| | One-Time Expense | Subsequent Annual Expense |
|--|---------------------|---------------------------------|
| New personnel and allocations of existing employees to Sarbanes-Oxley compliance | \$215,000 | \$155,000 |
| Outside auditor testing of internal controls under Section 404 of Sarbanes-Oxley | 150,000 | 20,000 |
| Outside auditor and quarterly review fees | 50,000 | 40,000 |
| SEC counsel | 40,000 | 30,000 |
| D&O insurance premiums | 30,000 | 30,000 |
| Total | \$485,000 | \$275,000 per year |

The above one-time expenses do not take into account the estimated out of pocket expenses of \$500,000 to implement the Split Transaction. See "Additional Information Concerning the Split Transaction – Costs of Split Transaction and Source of Funds" in this proxy statement.

The foregoing estimated expenses reflect, among other things, (1) a one-time expense of approximately \$485,000 and an expense of approximately \$275,000 annually thereafter which

would result from our being subject to the internal controls audit requirements imposed by Section 404 of Sarbanes-Oxley, (2) an increase in audit and related fees, (3) an increase in legal fees related to securities law compliance, (4) an increase in management time spent on compliance and disclosure matters attributable to our Exchange Act filings, and (5) an increase in transfer agent and related expenses.

The expense figures provided above are only estimates. The actual expenses we would incur if we were to resume reporting under the Exchange Act might be higher or lower than these

An additional reason for the Split Transaction is that in the recent years before the Company's reporting requirements were suspended, the Company derived no significant benefits from being a public reporting company. The market for our shares prior to the suspension of our reporting obligations was illiquid. The trading volume in our shares was very light, with an average reported daily trading volume of less than 35 shares per day over the two years prior to October 25, 2005. Among the advantages of being a public reporting company are the potential to raise capital through the sales of securities or debt in future public offerings and to acquire other business entities using stock as the consideration for the acquisitions. As a practical matter, capital from the public markets has not been sought and is not expected to be available to the Company. The Company has not in the past acquired other businesses using its stock as consideration and has no current plans to do so.

The Split Transaction is being proposed at this time because the sooner the proposal can be implemented, the sooner the Company can obtain assurance that the cost savings of remaining a non-reporting company will likely be realized and the sooner shareholders entitled to cash as a result of the Split Transaction will receive and be able to reinvest or otherwise make use of the cash.

In light of the foregoing, we believe that the benefits associated with maintaining our status as a non-reporting company are substantially outweighed by the costs, both financial and operational, associated with resuming our status as a reporting company. We have determined that the Split Transaction is the most expeditious and economical way of liquidating holdings of shareholders holding fewer than 30 shares of the Company and maintaining our status as a non-reporting company. Numerous factors were considered in reaching these determinations. For a more detailed discussion of these factors, see "Special Factors – Background of the Split Transaction" and "Special Factors – Fairness of the Split Transaction – Factors Considered" in this proxy statement.

ALTERNATIVES CONSIDERED

In determining whether to pursue the Split Transaction, the special committee and the board of directors considered other means of achieving the Company's objectives but rejected these alternatives because they believe that the Split Transaction will be simpler and less costly. These alternatives were:

- ***Merger Transaction Resulting in a Subchapter S Tax Election.*** The special committee and board of directors considered a merger transaction, pursuant to which the Company would be owned by not more than 100 shareholders who

meet the requirements to be a "qualified shareholder" under Subchapter S under the Internal Revenue Code of 1986, as amended (the "Code"). After the merger, the Company would have been eligible to be taxed for federal income tax purposes under Subchapter S of the Internal Revenue Code, which would provide tax benefits to both the Company and its shareholders. The board of directors ultimately rejected this alternative in view of the large amount of capital that would be needed to retire shares to meet Subchapter S requirements as well as recent adverse developments in financial, credit and real estate markets. The board of directors believes that the recent uncertain environment accentuates the need to preserve the additional cash resources that would have been needed for a conversion to Subchapter S in order to maintain adequate liquidity and to be able to pursue opportunistic investments in the future.

- ***Reverse Stock Split With a Subsequent Forward Split.*** The board of directors considered the desirability of pursuing this alternative to accomplish the Company's objective. In a reverse stock split, the Company would acquire the interests of the cashed out shareholders pursuant to an amendment to the Company's Articles of Incorporation to reduce the number of issued and outstanding shares of common stock such that most of the shareholders would receive a fractional share of common stock. Any shareholder owning fewer than 30 shares of our common stock immediately before the reverse stock split would receive the right to be paid cash in exchange for the resulting fractional share of common stock. The forward stock split that would immediately follow would reconvert the whole shares and fractional share interests of shareholders holding 30 or more shares before the reverse stock split back into the same number of shares held immediately before the reverse stock split. As a result, the total number of shares held by shareholders owning 30 or more shares before the transaction would not change. The board of directors ultimately rejected this alternative because it believed that the liquidity in the Company's shares would not change materially and the reduced size of the holdings of the remaining shareholders would reduce the need for further reverse stock splits in the future to maintain the Company's non-reporting status .
- ***Purchase of Shares in a Privately Negotiated Transaction.*** The board of directors rejected this alternative because each concluded it was unlikely that the Company could acquire shares from a sufficient number of shareholders to accomplish the Company's objective.
- ***Maintaining the Status Quo.*** The special committee and the board of directors also considered maintaining the status quo. In that case, the Company would likely in the future, if certain shareholders continued to make efforts to structure their share holdings to trigger the Company's reporting obligations, incur the expenses of being a public reporting company, without enjoying the benefits traditionally associated with having public reporting company status. The special committee and the board of directors believe that maintaining the status quo is not in the best interests of the Company and rejected this alternative.

FAIRNESS OF THE SPLIT TRANSACTION

In order to provide a fair consideration of this transaction, the board of directors appointed a special committee consisting of two non-employee directors to represent the interests of shareholders who are not affiliated with our directors, executive officers and Commerce Bank, N.A. The special committee was given the authority to negotiate the price terms and conditions of the Split Transaction or other alternative transactions deemed by the special committee to be procedurally and substantively fair to the unaffiliated shareholders.

Messrs. William E. Quirk and Brian D. Everist, directors of the Company, were chosen to serve on the special committee because they are "independent," as such term is defined under Rule 10A-3 of the Exchange Act. Neither of them is currently employed as an officer or employee of the Company, beneficially owns more than 10% of the outstanding shares of common stock, or holds any other relationship which, in the opinion of the board of directors, would interfere with the exercise of his independent judgment in carrying out the responsibilities of a director. Mr. Everist has been a member of the board of directors since 1989, Mr. Quirk has been a member of the board since 2002 and both are familiar with our business and prospects. Mr. Everist beneficially owns 755 shares of our common stock and Mr. Quirk beneficially owns 135 shares. Mr. Quirk has agreed to exchange one share of his common stock immediately following the Split Transaction for one share of non-redeemable common stock in connection with the Repurchase Option described in Proposal 2.

In upholding its fiduciary responsibilities, the special committee engaged independent legal counsel, Sonnenschein Nath & Rosenthal, LLP, and independent financial advisors, Christenberry Collet & Company, Inc., reviewed and evaluated the purpose, terms, alternatives and effects of the Split Transaction and considered its fairness to all shareholders and to the Company. The special committee considered the presentation and valuation analyses of Christenberry Collet, as outlined in its fairness opinion, which is discussed in greater detail in the section below entitled "Special Factors – Opinions of the Financial Advisors – Christenberry Collet & Company, Inc." The special committee negotiated the cash consideration to be paid to the unaffiliated shareholders as a result of the Split Transaction, negotiated the other terms and conditions of the Split Transaction, and received a fairness opinion of Christenberry Collet to the effect that the Split Transaction with assumed cash consideration of \$300.00 per share was fair to the unaffiliated shareholders from a financial point of view. Such procedures tend to ensure the fairness and integrity of this type of a transaction.

The Split Transaction is not structured in such a way so as to require the approval of at least a majority of the unaffiliated shareholders of the Company. In assessing the Split Transaction, the special committee understood that (i) the affiliated shareholders, who have 74.5% of the voting power of the outstanding shares of common stock entitled to vote at the special meeting (excluding 3,706 shares held by Commerce Bank, N.A. for unaffiliated shareholders), have indicated that they will vote in favor of the Split Transaction at the special meeting, and (ii) no appraisal or dissenters' rights are available under Missouri law to shareholders who dissent from the Split Transaction. Despite the foregoing, the special committee believes that the Split Transaction is procedurally fair to the unaffiliated shareholders of the Company, including the unaffiliated shareholders holding fewer than 30 shares of common stock of the Company.

The Company has not made any provision in connection with the Split Transaction to grant unaffiliated shareholders access to the Company's corporate files or to obtain counsel or appraisal services at the Company's expense. The board of directors did not consider these steps necessary to ensure the fairness of the Split Transaction proposal. The board of directors believes that such steps would be costly and would not provide any meaningful additional benefits to unaffiliated shareholders. With respect to unaffiliated shareholders' access to the Company's corporate files, the board of directors believes that this proxy statement, together with other publicly available information about the Company, provides adequate information for unaffiliated shareholders to make an informed decision with respect to the Split Transaction.

Both Messrs. Quirk and Everist are independent directors of the Company. No completely unaffiliated representative was retained to act solely on behalf of the unaffiliated shareholders in the Split Transaction, to negotiate the terms of the Split Transaction, or to prepare a report on behalf of the unaffiliated shareholders. The board of directors determined that a completely unaffiliated representative was not necessary to ensure the procedural and substantive fairness of the Split Transaction, because it believed there was sufficient independent representation in the decision-making at the special committee level to protect the interests of unaffiliated shareholders, and the special committee concurred with this determination.

FACTORS CONSIDERED

The special committee considered a number of factors in reaching its recommendation with respect to the Split Transaction, which factors are discussed below. The special committee did not consider each factor separately, nor did it assign specific weight to the factors in a formulaic fashion, and it did not make a determination as to why any particular specified factor, as a result of the deliberations by the special committee, should be assigned any weight. The special committee did place reliance on and actively participated in the considerations by Christenberry Collet described in "Special Factors -- Opinions of the Financial Advisors -- Christenberry Collet & Company, Inc." in this Proxy Statement. Although the members of the special committee are not experts in the areas addressed by Christenberry Collet, the special committee believed the analyses of the factors presented by Christenberry Collet were reasonable and relied upon such analyses in making its recommendation to the board of directors.

The special committee considered the advantages and disadvantages of the Split Transaction discussed below in reaching its conclusion as to the fairness of the Split Transaction to unaffiliated shareholders.

ADVANTAGES OF THE SPLIT TRANSACTION:

Significant cost and time savings for the Company.

The special committee considered that both affiliated and unaffiliated will benefit from the Company's realization of significant direct and indirect cost savings from continuing to maintain its non-reporting company status, including without limitation the increased costs anticipated to be required to comply with the requirements imposed by Section 404 of Sarbanes-Oxley if the Company were a reporting Company. In addition, the special committee recognized the Company's anticipated expenses with respect to outside auditor reviews, SEC counsel and

insurance costs associated with being a public company. See "Special Factors - Reasons for the Split Transaction" in this proxy statement for a more detailed discussion of these expenses.

Ability of management to focus on operating the Company's business.

The special committee considered that the maintenance of the Company's status as a non-reporting company would give management more time to focus its attention on operating the business of the Company, as opposed to compliance matters.

No change in control of the Company.

The special committee noted that the affiliated stockholders and their families beneficially owned shares possessing more than 66 2/3% of the voting power of the Company, and that the Split Transaction therefore would not constitute a change of control of the Company.

Fairness to all unaffiliated shareholders.

The \$300 per share cash consideration proposed to be paid in the Split Transaction presented was based upon the analysis of net asset value, discounted cash flow, peer group public companies, precedent merger and acquisition transactions, and historical stock prices, as described in "Opinion of the Financial Advisers - Christenberry Collet & Company, Inc." The special committee concluded that the cash consideration would be fair both to unaffiliated shareholders who will receive the cash consideration and to unaffiliated shareholders who continue to hold shares of Company stock. A cash consideration below fair market value would be unfair to affiliated shareholders who receive cash consideration, and cash consideration in excess of fair market value would be unfair to unaffiliated shareholders who continue to hold shares of Company stock.

DISADVANTAGES OF THE SPLIT TRANSACTION:

Substantial reduction of market liquidity for our shares.

The Company's shares have in the past traded on the OTC Bulletin Board. Although the Company's shares should continue to be eligible to trade on the OTC Bulletin Board, there are no market makers for the Company's stock, and shareholders are likely to experience reduced trading liquidity as a result of the increased Company stock price as a result of the Split Transaction. The market price for the Company shares may be adversely affected by this reduced liquidity.

FAIRNESS DETERMINATION OF THE SPECIAL COMMITTEE

Taking into account the above factors, when viewed together, the special committee has reasonably determined that the Split Transaction, including the cash consideration of \$300.00 per share, is procedurally and substantively fair to the unaffiliated shareholders and is in the best interests of the Company. The special committee has unanimously approved the Split Transaction and recommended that the board of directors approve it. The special committee recommends that unaffiliated shareholders approve the Split Transaction.

FAIRNESS DETERMINATION OF THE BOARD OF DIRECTORS

Only one of the six-member board of directors, Thomas R. Willard, is an employee of the Company. The board of directors relied on the independence and competence of the special committee and its advisors and on the procedures instituted by the board and the special committee in its efforts to ensure the procedural and substantive fairness of the Split Transaction. The factors discussed above were taken into account by the special committee in making its recommendation to the board of directors. In addition, the board of directors received a fairness opinion of Stern to the effect that the \$300.00 cash consideration to be paid for shares of Company common stock held immediately prior to the Split Transaction is fair to the continuing shareholders from a financial point of view. After considering the recommendation of the special committee and its financial advisor and analyses from the Company's management and the financial and legal advisors to the board of directors, the board determined that the Split Transaction is procedurally and substantively fair to all of our shareholders and the Company and unanimously approved it. The board of directors recommends that shareholders approve the Split Transaction.

APPRAISALS AND MARKET EVALUATIONS

The Company provided broker's opinions and management estimates of asset value to the special committee and to Christenberry Collet. The special committee engaged Integra Realty Resources—Kansas City to provide appraisals of the following properties as of April 21, 2008: the four parking lots located at 7th and Baltimore, Kansas City, Missouri; the parking lot located at 601 Main, Kansas City, Missouri; the parking lot at 102 E. 8th, Kansas City, Missouri; the office building located at 6601 College Boulevard, Overland Park, Kansas; the office building located at 10955 Lowell Street, Overland Park, Kansas; the office building located at 10561 Barkley Street, Overland Park, Kansas; and the office building located at 7911 Forsyth Boulevard, St. Louis, Missouri. The Integra appraisals valued the properties as follows: the four parking lots at 7th and Baltimore were valued at \$14,960,000; the parking lot at 601 Main was valued at \$1,770,000; the parking lot at 102 E. 8th was valued at \$490,000; the office building at 6601 College Boulevard was valued at \$9,500,000; the office building at 10955 Lowell was valued at \$12,550,000; the office building at 10561 Barkley was valued at \$8,800,000; and the office building at 7911 Forsyth was valued at \$10,800,000. Tower management expressed concern to the special committee that, given the development potential and market conditions for downtown Kansas City real estate, the appraisals of the parking lots were too high. In response, the special committee engaged Shaner Appraisals, Inc. to appraise the parking lots. The Shaner appraisals valued the parking lots at an aggregate value of \$17,790,000, as compared to Integra's aggregate value of \$17,220,000. After a review of the appraisals, the special committee determined to use the Integra appraisals.

After receipt of the appraisals, both general financial market conditions and real estate market conditions changed rapidly and materially. In response, the special committee requested that Integra provide guidance as to the decline in the value of the Company's real estate between April and November of 2008. Integra advised that the values of the Company's properties had declined as follows: the four parking lots at 7th and Baltimore by 30 to 40%; the parking lot at 601 Main by 25 to 35%; the parking lot at 102 E. 8th by 25 to 35%; the office building at 6601 College Boulevard by 10 to 20%; the office building at 10955 Lowell by 10 to

20%; the office building at 10561 Barkley by 15 to 25%; the office building at 7911 Forsyth by 5 to 15%; the Tower's apartment buildings in Johnson County, Kansas, by 5 to 15%.

The special committee requested that Christenberry Collet incorporate these changes in value of the Company's real estate into its analysis and considered these changes in value of the Company's real estate in reaching its value of the Company stock.

These appraisals and updated valuations were provided to Christenberry Collet and to Stern for use in preparing their fairness opinions. Integra received a fee of \$24,368.50 for its initial appraisal work, and a fee of \$2,783.85 for its update. Integra was paid a flat fee for each portion of the work it completed. No portion of Integra's fee was contingent upon consummation of the proposed transaction or the conclusion reached by Integra in its appraisal.

OPINIONS OF THE FINANCIAL ADVISORS

The full texts of the written opinions of Christenberry Collet and Stern, each dated December 3, 2008, are attached to this Proxy Statement as Exhibits C and D and are incorporated herein by reference. You should read carefully the Opinions in their entirety in conjunction with this Proxy Statement. The analysis and opinion of Christenberry Collet was prepared solely for the benefit and use of the special committee in connection with its evaluation of the Split Transaction. The analysis and opinion of Stern was prepared solely for the benefit and use of the board of directors in its evaluation of the Split Transaction. Such opinions do not constitute recommendations as to how you should vote with respect to the proposed amendments of our Articles of Incorporation.

CHRISTENBERRY COLLET & COMPANY, INC.

On February 29, 2008 the Special Committee of the board of directors engaged Christenberry Collet & Company, Inc. ("Christenberry Collet") to advise the Special Committee in its negotiations with the Company and to provide the Committee its opinion as to whether the proposed corporate action was fair, from a financial point of view, to the unaffiliated shareholders of the Company. On November 24, 2008, Christenberry Collet presented and discussed with the Special Committee of the board of directors a draft of the basis of its opinion and opinion letter, contingent on the final details of the transaction, which opinion was subsequently confirmed by delivery of a written opinion dated December 3, 2008. The opinion states that, as of such date, and based upon and subject to various assumptions made, and such other matters considered relevant in the opinion, the consideration of \$300.00 per share of Tower common stock to be paid to the unaffiliated shareholders of the Company, was fair, from a financial point of view.

The full text of Christenberry Collet's opinion, dated as of December 3, 2008, which is attached as Exhibit C to this proxy statement, sets forth, among other things, the assumptions made, procedures followed, matters considered, and limitations of the review undertaken by Christenberry Collet, which are described below.

Christenberry Collet's opinion relates solely to the fairness, from a financial point of view, of the consideration to be received by the unaffiliated shareholders of the Company

and does not address the fairness of any other aspect of the transaction. The opinion does not address the Company's underlying business decision to effect the transaction. The opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote in connection with the transaction. You are encouraged to read Christenberry Collet's opinion carefully in its entirety.

In arriving at its opinion, Christenberry Collet performed the following:

1. Held discussions with Tower management, the Special Committee of the board of directors, and asset appraisers;
2. Reviewed drafts of the Certificate of Amendment to the Articles of Incorporation to Effect the Reverse Stock Split;
3. Reviewed certain internal financial and operating information, including financial forecasts, analyses and projections prepared by Tower and provided to Christenberry Collet for its analysis;
4. Reviewed the financial valuation in the transaction relative to merger and acquisition transactions of publicly traded companies most similar to Tower;
5. Reviewed the valuation of companies in the public market place most similar to Tower;
6. Reviewed current business plans and financial projections of Tower and performed discounted cash flow analysis of free cash flows;
7. Reviewed recent property appraisals, broker's opinions and management estimates of asset value, including an updated report received November 21, 2008;
8. Reviewed prior valuations of the Company associated with the March 7, 2006 Tower common stock purchases; and
9. Reviewed recent trades of Tower common stock;

In its review and analysis, Christenberry Collet assumed and relied upon the accuracy and completeness of all of the financial and other information provided to them. Christenberry Collet was not engaged to, and did not attempt to, independently verify any of such information and relied upon the assurances of management of Tower that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. Christenberry Collet's opinion was based on economic and market conditions and other circumstances existing on, and information made available as of December 3, 2008, and does not address any matters subsequent to such date. Christenberry Collet did not express any opinion as to the prices at which Tower's common stock may trade following the date of their opinion.

In the preparation of its opinion, Christenberry Collet was not authorized by the Special Committee to solicit, nor did it solicit, any third party indications of interest for the acquisition of Tower or any of its properties.

With respect to the financial and operational forecasts made available to Christenberry Collet by management of Tower and used in Christenberry Collet's analysis, Christenberry Collet assumed that such financial and operational forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of management as to the matters covered thereby. Christenberry Collet was not engaged to assess the achievability of such projections or the assumptions on which they were based and expressed no view as to such projections or assumptions. Christenberry Collet did not conduct a physical inspection or appraisal of any of the assets or liabilities of the Company; however, the Company provided outside appraisals or broker's opinions on all the real estate properties, with the exception of one undeveloped property with de minimus value.

Christenberry Collet performed a variety of financial and comparative analyses regarding the valuation of Tower, including a net asset analysis of Tower; a discounted cash flow analysis of Tower's projected, unlevered free cash flows; a peer group analysis comparing the financial performance and market valuation ratios of Tower with those of publicly traded REITs deemed comparable to Tower; precedent merger and acquisition transactions that have taken place in the REIT industry; and an examination of recent historical trading prices of Tower common stock.

When considering Christenberry Collet's peer group analysis and comparison to precedent merger and acquisition transactions, it should be noted that while the selected companies and Tower may share similar characteristics, none of the public companies or transactions utilized can be directly compared to Tower due to significant differences in size and organizational structure. Unlike all of the selected public companies, Tower does not pay dividends, and has not chosen to be treated, for tax purposes, as a REIT.

The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular transaction and, therefore, is not necessarily susceptible to partial analysis or summary description. Accordingly, Christenberry Collet believes that its analyses and the summary set forth below must be considered as a whole and that selecting portions of its analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying Christenberry Collet's analyses and opinion. Christenberry Collet arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The following is a summary of the material financial analyses performed by Christenberry Collet and reviewed by the Special Committee of the board of directors of the Company in connection with Christenberry Collet's opinion relating to the transaction.

| <u>Valuation Metric</u> | <u>Tower Common Stock Implied Price per Share</u> |
|---|---|
| | Range (\$) |
| Net Asset Value | 315.37 – 377.25 |
| Discounted Cash Flow | 163.51 – 306.19 |
| Peer Group Public Companies | 161.67 – 328.70 |
| Precedent Merger & Acquisition Transactions | 265.67 – 357.44 |
| Historical Stock Prices | 180.00 – 449.00 |

Net Asset Value

Christenberry Collet determined a net asset value of the Company, assuming all assets would be sold and all liabilities as of September 30, 2008 would be paid in full. Christenberry Collet used a range of fair market values of the Company's real estate properties based upon appraisals and broker's opinions and adjusted for current market conditions, as recommended by a recent appraisal report, then subtracted all expenses that would be associated with the sale of the properties, such as debt prepayment penalties, broker's fees and income taxes on the gains realized from the sale of properties. Christenberry Collet took into consideration only the assets and liabilities found on the Company's balance sheet. Hence, the analysis should not be viewed as a liquidation value of the Company, as it does not take into consideration certain costs that would be associated with liquidation, including, but not limited to, severance pay, legal and accounting fees, pension funding and lease termination costs.

Christenberry Collet assumed a sale at market value of the Company's investment in Commerce Bancshares, Inc. common stock, and deducted income taxes on the capital gain. The net asset value of receivables and prepaid expenses was determined by applying a range of estimated recovery rates to the asset book values. The net asset value analysis resulted in a range for Tower common stock of \$315.37 to \$377.25 per share.

Discounted Cash Flow

Christenberry Collet performed a discounted cash flow analysis to calculate the estimated present value of the stand-alone, unlevered, after-tax free cash flows that Tower would generate over the period from September 30, 2008 through the year ending December 31, 2012 based on internal forecasts and estimates Tower management provided to Christenberry Collet. The free cash flows for Tower were adjusted to reflect the market value of Tower's holdings of common stock of Commerce Bancshares, Inc. and the estimated market value of Tower's holdings of surface parking lots, both adjusted for income tax, rather than the cash flow generated by these assets.

Christenberry Collet calculated a range of terminal values for Tower by applying earnings before interest, taxes, depreciation and amortization (EBITDA) exit multiples of 8.3 to 10.3 times Tower's projected EBITDA for the year ending December 31, 2012. Christenberry Collet also calculated a range of terminal values for Tower by applying capitalization rates of 6.0% to 8.0% on year ended December 31, 2012 free cash flow. Christenberry Collet then calculated a weighted average terminal value by combining the capitalized EBITDA and capitalized free cash flow terminal values. The cash flows and weighted average terminal value were then discounted to present value using an after-tax discount rate of 7.0%, based on Christenberry Collet's estimate of Tower's weighted average cost of capital. This analysis provided a reference range for Tower common stock of \$163.51 to \$306.19 per share.

Peer Group Analysis

Christenberry Collet compared certain financial information of Tower with corresponding financial information for selected publicly traded REITs that Christenberry Collet deemed most appropriate. The REITs were selected, among other reasons, because of the ownership and operation of real estate properties and other business similarities with Tower's

business. Two groupings of REITs were selected for the peer group comparisons: ten REITs that own and operate office/industrial properties and seven REITs that own and operate multi-family properties were utilized in the comparisons. Because of the relative size, wider geographic coverage, capital spending, corporate structure, and relative treatment of income taxes and dividend policy of the selected REITs, these REITs are not directly comparable to Tower. Tower has not elected to be treated as a REIT for federal income tax purposes (and therefore pays corporate income taxes) and pays no dividends on its outstanding shares of common stock.

Christenberry Collet examined the publicly available financial data for the selected REITs, and reviewed, among other things, (1) enterprise value (calculated as fully diluted equity value plus the book value of debt) as a multiple of earnings before interest, taxes, depreciation and amortization (EBITDA) for the trailing twelve months (TTM) as of September 30, 2008, (2) market value of equity on a fully diluted basis as a multiple of (a) net income plus depreciation and amortization, less gains on sale of properties, commonly referred to as funds from operations (FFO) for TTM as of September 30, 2008, (b) estimated FFO for 2008, and (c) estimated FFO for 2009, and (3) enterprise value as a multiple of revenues for TTM as of September 30, 2008. The implied multiples were discounted by 15% to reflect the lower private company liquidity of Tower compared to the publicly traded REITs. Estimated financial data for the selected REITs was based on the most recent publicly available consensus research analysts estimates as published by NAREIT in the October 2008 issue of REITWatch, stock prices as of November 21, 2008 closing and estimated financial data for Tower was based on the financial forecasts and estimates provided to Christenberry Collet by Tower management.

Christenberry Collet computed implied multiples for the selected REITs for the two property groups of office/industrial and multi-family. Then, using the market value of Tower's relative holdings of office/industrial (54.6%) and multi-family (45.4%) real estate properties, developed a combined multiple of the selected REITs with the same weighting of property ownership as Tower. Christenberry Collet then developed implied market valuations for Tower using the multiples from the selected REITs as multiples of Tower EBITDA, revenue, FFO, and estimated FFO. Tower's stated FFO was adjusted for income taxes to render the Tower valuations comparable to the selected REITs that incur no income tax. This analysis indicated the following implied multiples for the selected REITs.

| | Market Value of Equity as Multiple of | | | Enterprise Value as Multiple of | |
|---------------------------------------|--|-------------|-------------|------------------------------------|----------------|
| | TTM FFO | Estimated | Estimated | TTM EBITDA | TTM Revenue |
| | | 2008 FFO | 2009 FFO | | |
| Office/Industrial REITs: | | | | | |
| Corporate Office Properties Trust | 7.7x | 10.1x | 9.6x | 12.9x | 5.9 x |
| Kilroy Realty Corp. | 6.7x | 7.2x | 7.5x | 11.9x | 7.2x |
| HRPT Properties Trust | 1.7x | 2.0x | 2.0x | 3.0x | 2.5x |
| Brandywine Realty Trust | 1.8x | 1.9x | 2.0x | 9.2x | 5.1x |
| Parkway Properties | 2.6x | 3.4x | 3.2x | 9.2x | 4.7x |
| First Potomac Realty Trust | 3.4x | 3.8x | 4.0x | 10.5x | 6.4x |
| Monmouth Real Estate Investment Corp. | 11.9x | 14.0x | 10.0x | 44.5x | 10.6x |
| Maquire Properties Inc. | NM | NM | 5.3x | 22.7x | 8.4x |
| Gladstone Commercial Corp. | 5.6x | 6.9x | 6.9x | 11.7x | 9.7x |
| One Liberty Properties | 3.8x | 4.0x | 4.0x | 11.4x | 9.0x |

| | | | | | |
|--------|-------|-------|-------|-------|-------|
| Mean | 5.0x | 5.9x | 5.5x | 14.7x | 6.9x |
| Median | 3.8x | 4.0x | 4.7x | 11.5x | 6.8x |
| High | 11.9x | 14.0x | 10.0x | 44.5x | 10.6x |
| Low | 1.7x | 1.9x | 2.0x | 3.0x | 2.5x |

| | | | | | |
|--------------------------------------|------|-------|------|-------|------|
| Multi-Family REITs: | | | | | |
| Camden Property Trust | 5.1x | 5.4x | 5.5x | 7.7x | 6.0x |
| BRE Properties | 6.8x | 7.3x | 7.1x | 17.1x | 8.3x |
| Apartment Investment & Mngt. Co. | 2.1x | 2.9x | 3.0x | 9.2x | 4.6x |
| Home Properties Inc. | 6.0x | 8.2x | 7.9x | 19.5x | 6.2x |
| Mid-America Apartment Communities | 6.0x | 7.0x | 6.6x | 10.7x | 5.7x |
| Post Properties Inc. | NM | 11.7x | 7.4x | 10.3x | 5.2x |
| Associated Estates Realty Corp. | 7.7x | 6.2x | 5.8x | 10.2x | 4.7x |

| | | | | | |
|--------|------|-------|------|-------|------|
| Mean | 5.6x | 6.9x | 6.2x | 12.1x | 5.8x |
| Median | 6.0x | 7.0x | 6.6x | 10.3x | 5.7x |
| High | 7.7x | 11.7x | 7.9x | 19.5x | 8.3x |
| Low | 2.1x | 2.9x | 3.0x | 7.7x | 4.6x |

Combined
54.6% Office/Industrial;
45.4% Multi-family;
Discounted 15%:

| | | | | | |
|--------|------|------|------|-------|------|
| Mean | 4.5x | 5.4x | 4.9x | 11.5x | 5.5x |
| Median | 4.1x | 4.6x | 4.7x | 9.3x | 5.3x |

This analysis led Christenberry Collet to a reference range for Tower common stock of \$161.67 to \$328.70 per share.

Precedent Merger and Acquisition Transactions

Christenberry Collet reviewed eighteen previous merger and acquisition transactions involving publicly traded companies in the REIT industry. The REITs were selected, among

other reasons, because of the ownership and operation of real estate properties and other business similarities with Tower's business. Of the selected merger and acquisition transactions, ten were REITs that own and operate office/industrial properties and eight were REITs that own and operate multi-family properties. Because of the relative size, wider geographic coverage, capital spending, corporate structure, and relative treatment of income taxes and dividend policy of the selected REITs, these REITs are not directly comparable to Tower. Tower has not elected to be treated as a REIT for federal income tax purposes (and therefore pays corporate income taxes) and pays no dividends on its outstanding shares of common stock.

Christenberry Collet reviewed the multiples of (1) enterprise values to the TTM EBITDA, (2) enterprise values to TTM revenue, and (3) market value of equity to (a) TTM FFO and (b) estimated forward FFO for the selected transactions. Multiples for the selected transactions were based on publicly available information at the time of the announcement of the transaction and the forward estimates were from available NAREIT: REITWatch data.

Christenberry Collet computed implied multiples for the selected REIT transactions for the two property groups of office/industrial and multi-family. To account for changes in the real estate market and the performance of REIT stocks in the time period since each transaction occurred, Christenberry Collet used the NAREIT US Real Estate Equity Index to calculate the change in the index from the date of each transaction through October 2008. Christenberry Collet then applied the index returns to the multiples for each transaction. The implied multiples were then discounted by 20% to reflect the significant size difference of Tower and the publicly traded REITs in the selected merger and acquisition transactions. Christenberry Collet believes such discount is appropriate because of the economies of scale available for acquisitions of significantly larger REITs.

Using the relative holdings of office/industrial properties (54.6%) and multi-family (45.4%) by Tower, Christenberry Collet then developed a combined multiple of the selected REITs using the same weighting of property ownership as Tower. Christenberry Collet then developed implied market valuations for Tower using the combined implied multiples from the selected REITs as multiples of Tower EBITDA, revenue, FFO, and estimated forward FFO. Tower's stated FFO was adjusted for income taxes to render the Tower valuations comparable to the selected REITs that incur no income tax.

The selected merger and acquisition transactions were as follows:

Office/Industrial Transactions:

| <u>Target</u> | <u>Acquiror</u> |
|---------------------------------|-----------------------------|
| Great Lakes REIT | Transwestern Investment Co. |
| Hallwood Realty Partners | HRPT Properties Trust |
| National Properties Corp. | Commercial Net Lease Realty |
| Prime Group Realty Trust | Lightstone Group |
| CRT Properties | DRA Advisors |
| Prentiss Properties Trust | Brandywine Realty Trust |
| Bedford Property Investors | LBA Realty LLC |
| Glenborough Realty Trust | Morgan Stanley Real Estate |
| Columbia Equity Trust | JP Morgan Chase |
| American Financial Realty Trust | Gramerey Capital Corp. |

Multi-Family Transactions:

| <u>Target</u> | <u>Acquiror</u> |
|---|-----------------------------------|
| America First Real Estate Investment Partners | America First Apartment Investors |
| Summit Properties | Camden Property Trust |
| Cornerstone Realty Income Trust | Colonial Properties Trust |
| AMLI Residential Properties Trust | Prime Property Fund |
| BNP Residential Properties | Babcock & Brown |
| America First Apartment Investors | Sentinel White Plains |
| Boston Capital REIT | BPG Properties |

This analysis indicated the following implied multiples (after adjustments for changes in market conditions) for the selected REITs.

| | Market Value of Equity as Multiple of | | Enterprise Value as Multiple of | |
|--|--|---------------------------------|------------------------------------|-----------------------|
| | TTM <u>FFO</u> | Estimated 2008 <u>FFO</u> | TTM <u>EBITDA</u> | TTM <u>Revenue</u> |
| | | | | |
| Office/Industrial REIT Transactions: | | | | |
| | Mean | 16.4x | 10.8x | 10.6x |
| | Median | 10.8x | 9.7x | 11.1x |
| | High | 36.0x | 16.8x | 14.5x |
| | Low | 6.7x | 7.6x | 5.7x |
| | | | | 6.0x |
| | | | | 5.9x |
| | | | | 7.6x |
| | | | | 5.2x |
| Multi-family REIT Transactions: | | | | |
| | Mean | 11.5x | 12.8x | 14.7x |
| | Median | 11.8x | 12.8x | 14.2x |
| | High | 22.2x | 15.2x | 21.0x |
| | Low | 9.1x | 10.5x | 10.0x |
| | | | | 6.7x |
| | | | | 6.3x |
| | | | | 9.3x |
| | | | | 5.2x |
| Market-Adjusted Combined 54.6% Office/Industrial; 45.4% Multi-family; Discounted 20%: | | | | |
| | Mean | 11.3x | 9.4x | 10.0x |
| | Median | 9.0x | 8.9x | 10.0x |
| | | | | 5.0x |
| | | | | 4.8x |

The derived range of equity values for Tower common stock using these multiples was \$265.67 to \$357.44 per share.

Historical Stock Price

The Company's common stock is traded over-the-counter in the "Pink Sheets," the provider of interdealer, wholesale quotes for over-the-counter stocks not listed on Nasdaq. Christenberry Collet examined the historical trading activity of the common stock from June 2003 through November 2008. Christenberry Collet focused on the volume weighted average over the prior 2 years and the prior 6 months, noting that the stock is thinly traded and volume had decreased after the 2006 reverse stock split. The analysis resulted in the following volume weighted average prices per share of Tower common stock:

| <u>Historical Period</u> | <u>Volume Weighted Average Price per Share</u> |
|---------------------------------------|--|
| November 22, 2006 – November 21, 2008 | \$ 316.22 |
| May 22, 2008 – November 21, 2008 | \$ 310.60 |

Other

Christenberry Collet is an independent investment banking firm that is regularly engaged to render financial opinions in connection with proposed transactions and acquisitions, corporate reorganizations, strategic planning, and other purposes.

The Company has paid Christenberry Collet a customary fee in connection with the services provided by it under this engagement. The fee for this engagement was \$25,000 upon engagement, \$25,000 upon delivery of a preliminary valuation of Tower common stock per share, and \$62,500 upon delivery of Christenberry Collet's fairness opinion. No portion of Christenberry Collet's fee was contingent upon consummation of the proposed transaction or the conclusion reached by Christenberry Collet in its fairness opinion. The Company has also agreed to reimburse Christenberry Collet for its expenses incurred in performing its services and to indemnify Christenberry Collet and its affiliates, their respective directors, officers, agents and employees against certain liabilities and expenses, including certain liabilities under federal securities laws, related to or arising out of Christenberry Collet's engagement and any related transactions.

STERN BROTHERS VALUATION ADVISORS ("STERN")

Stern Brothers Valuation Advisors has acted as the financial advisor to Tower Properties Company ("Tower" or the "Company") with respect to rendering an opinion as to the fairness from a financial point of view, to the remaining shareholders of Tower of the proposed reverse stock split. No limitations were imposed on Stern by the board of directors in rendering its opinion, although Stern was not authorized to solicit and did not solicit interest from third parties with respect to a possible business combination or sale of common stock of Tower Properties.

Stern delivered its opinion to the board of directors on December 3, 2008, to the effect that, based upon and subject to the factors and assumptions set forth therein, the cash consideration of \$300 per share then proposed to be paid would be fair from a financial point of view to the remaining shareholders of Tower Properties after the Transaction.

Stern's opinion, which set forth the assumptions made, matters considered and scope of limitations of the review undertaken and the procedures followed by Stern, is attached hereto as Exhibit D and is incorporated herein by reference. You are urged to read the opinion carefully and in its entirety for the assumptions made, matters considered and limits of the review by Stern. The summary of the opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion.

Stern's opinion is directed only to the fairness, from a financial point of view, of the cash consideration under the reverse stock split to the remaining shareholders of Tower Properties (i.e., all shareholders owning 30 or more shares immediately prior to the effectiveness of the Split Transaction, regardless of whether they are affiliates of the Company), and it does not address any other aspect of the fairness of the Merger Agreement, or constitute a recommendation to any Tower Properties shareholder as to any matter. Stern has not been asked to consider, and Stern's opinion does not address, the relative merits of the Transaction as compared to any alternative business strategy that may exist for Tower Properties.

Tower Properties requested that Stern make an oral presentation of its opinion to our full board of directors on December 3, 2008. In the presentation, Stern explained that its opinion was limited to an examination of the fairness of the cash consideration to be received under the merger agreement and that its opinion was not an appraisal or valuation of Tower Properties or our common stock. Stern's presentation included an overview of Tower Properties and our current prospects and characteristics, which had previously been identified to Stern by our management.

The following is a summary of the significant analyses performed by Stern in connection with its fairness opinions:

Market Approach

Using publicly available information, Stern compared selected historical and forecasted financial, operating and market comparison data of Tower Properties to the corresponding data of certain publicly traded real estate companies that Stern deemed to be relevant to Tower Properties. Such guideline companies were Roberts Realty Investors, Inc., Investors Real Estate Trust, Colonial Properties Trust, Washington Real Estate Investment Trust, Parkway Properties, Inc., Thomas Properties Group, Inc., and One Liberty Properties, Inc. (collectively, the "guideline companies"). Though similar in certain respects, there are significant differences between the guideline companies and Tower Properties, including without limitation, Tower's size and the fact that each of the guideline companies are treated as real estate investment trusts for federal income tax purposes and while Tower Properties does not pay dividends, all but one of the guideline companies paid dividends. It is Stern's belief that, due to the differences in financial and operating characteristics of the selected guideline companies, the guideline company analysis is not readily susceptible to summary description.

In comparing Tower Properties to the guideline public company indicated values, we selected price ("P") as a multiple of: last twelve months earnings per share from continuing operations ("P/LTM EPS"); five year weighted average earnings per share from continuing operations ("P/WA EPS"); last twelve months funds from operations per share ("P/LTM FFO"); five year weighted average funds from operations per share ("P/WA FFO"); forecasted next year Funds from operations per share ("P/F FFO"); and book value per share ("P/BV"). We also selected total market value of invested capital ("MVIC") as a multiple of last twelve months revenues per share ("MVIC/LTM Sales") and earnings before interest, taxes, depreciation and amortization per share ("MVIC/EBITDA"). MVIC is defined as the market value of total equity plus total debt and preferred stock outstanding. Common stock market prices and total invested capital for the public companies were determined as of December 2, 2008, and the market multiples were computed. The market multiples for each of the publicly traded companies were calculated using the same methodology as used for Tower Properties.

Based on Stern's analysis of the guideline companies, the indicated range of values for Tower Properties' common stock was from \$150.81 to \$275.17 per share as shown below.

Analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of the guideline companies and other factors which could affect the public trading value of the companies to which Tower Properties is compared.

Income Approach

First, Stern used a dividend discount model to estimate the present value of the Company's estimated future earnings, which assumed that Tower Properties would distribute no dividends to its shareholders. In this analysis, Stern assumed that Tower Properties performed in accordance with the earnings estimates provided to Stern by our management. Stern estimated the terminal value for Tower Properties common stock at 11x fiscal year 2012 forecasted funds from operations. The amount of dividends and terminal value were then discounted to present value using a 13.50% discount rate chosen to reflect a required rate of return for an investment in Tower Properties. This analysis was based upon estimates provided by our management. Management's estimates are based upon various factors and assumptions, many of which are beyond the control of Tower Properties. As indicated above, this analysis is not necessarily indicative of actual future results and does not purport to reflect the price at which securities may trade at the present or at any time in the future. Based on Stern's analysis, the value of our common stock indicated by this discounted future returns method was \$244.84 per share.

Second, Stern used a dividend discount model to estimate the present value of the Company's estimated future earnings, which again assumed that Tower Properties would distribute no dividends to its shareholders, but that it would sell its parking lot holdings and Commerce Bank stock holdings and funds from those sales net of taxes would be available for distribution to shareholders. In this analysis, Stern assumed that Tower Properties performed in accordance with the sales and earnings estimates provided to Stern by our management. Stern estimated the terminal value for Tower Properties common stock at 11x fiscal year 2012 forecasted funds from operations. The amount of distributions and terminal value were then discounted to present value using a 13.50% discount rate chosen to reflect a required rate of

return for an investment in Tower Properties. This analysis was based upon estimates provided by our management. Management's estimates are based upon various factors and assumptions, many of which are beyond the control of Tower Properties. As indicated above, this analysis is not necessarily indicative of actual future results and does not purport to reflect the price at which securities may trade at the present or at any time in the future. Based on Stern's analysis, the value of our common stock indicated by this discounted future returns method was \$307.42 per share.

Third, Stern used a cash flow discount model to estimate the present value of the Company's estimated future earnings, assuming that Tower Properties would distribute estimated cash available for distribution. In this analysis, Stern assumed that Tower Properties performed in accordance with estimates provided to Stern by our management. Stern estimated the terminal value for Tower Properties common stock using a capitalization of future earnings beyond 2012. The amount of cash available for distribution and terminal value were then discounted to present value using a 13.50% discount rate chosen to reflect a required rate of return for an investment in Tower Properties. This analysis was based upon estimates provided by our management. Management's estimates are based upon various factors and assumptions, many of which are beyond the control of Tower Properties. As indicated above, this analysis is not necessarily indicative of actual future results and does not purport to reflect the price at which securities may trade at the present or at any time in the future. Based on Stern's analysis, the value of our common stock indicated by this discounted future returns method was \$284.70 per share.

Fourth, Stern used a cash flow discount model to estimate the present value of the Company's estimated future earnings, assuming that Tower Properties would distribute estimated cash available for distribution and that it would sell its parking lot holdings and Commerce Bank stock holdings and those funds net of taxes would be available for distribution to shareholders. In this analysis, Stern assumed that Tower Properties performed in accordance with estimates provided to Stern by our management. Stern estimated the terminal value for Tower Properties common stock using a capitalization of future earnings beyond 2012. The amount of cash available for distribution and terminal value were then discounted to present value using a 13.50% discount rate chosen to reflect a required rate of return for an investment in Tower Properties. This analysis was based upon estimates provided by our management. Management's estimates are based upon various factors and assumptions, many of which are beyond the control of Tower Properties. As indicated above, this analysis is not necessarily indicative of actual future results and does not purport to reflect the price at which securities may trade at the present or at any time in the future. Based on Stern's analysis, the value of our common stock indicated by this discounted future returns method was \$328.66 per share.

Based on Stern's analysis using the income approach, the indicated range of values for Tower Properties' common stock was from \$244.84 to \$328.66 per share as shown below.

Asset Approach

Stern used the underlying asset method to arrive at a net asset value for our common stock. The underlying asset method determined Tower Properties' net asset value based on the fair market value of our assets as part of a going concern. Based on Tower Properties' September 30, 2008 balance sheet, discussions with our management, and using the estimated

fair market value of Tower Properties' real estate holdings based on recent third-party property appraisals, broker's opinions and management valuation estimates provided to Stern by our senior management, the balance sheet was adjusted to reflect Tower Properties' real estate holdings at fair market value. After adjusting the resulting shareholders' equity for one level of estimated capital gains tax and prepayment penalties, Stern's analysis indicated a net asset value of \$386.22 per share for Tower Properties' common stock. It should be noted that such net asset value is indicative of the value of Tower Properties as a going concern, and not the liquidation value of Tower Properties. The liquidation value of Tower Properties would be lower, due to various costs of liquidation, actual taxes paid and other factors. According to Stern's analysis the liquidation value was estimated to be \$335.74 per share.

Stock Trades

Although relatively limited, Stern also reviewed trades in Towers stock during the period from June 2, 2008 through November 20, 2008. The weighted average price of the trades during this period was \$310.36.

The summary of Stern's opinions set forth above does not purport to be a complete description of the data or analyses presented by Stern. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant quantitative methods of financial analyses and the application of those methods to the particular circumstances. Such an opinion is not therefore readily susceptible to a partial analysis or a summary description. Accordingly, Stern believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the opinion. In its analyses, Stern made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Tower Properties. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth therein. Accordingly, such estimates are inherently subject to substantial uncertainty and Stern assumes no responsibility for the accuracy of such analyses and estimates. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses may actually be sold.

With respect to projections and estimates of future revenue and operating costs for Tower Properties, each as prepared by Tower Properties, Stern assumed that such projections and estimates have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Tower Properties' management as to the future performance of Tower Properties, and that Tower Properties will perform substantially in accordance with such projections and estimates. In connection with rendering its opinions, Stern reviewed and analyzed certain information relating to Tower Properties, including certain publicly available business and financial information relating to Tower Properties; certain internal financial statements; recent third-party property appraisals, broker's opinions and management valuation estimates provided to Stern by Tower; and related information of Tower Properties prepared by the management of Tower Properties and other financial and operating information concerning the business, assets and operations of Tower Properties provided to Stern by the senior management of Tower Properties, including, but not limited to, pro-forma financial and

operating budgets, analyses, forecasts, and certain estimates of asset values. Stern also discussed with members of the senior management of Tower Properties the past and current business operations, financial condition and future prospects of Tower Properties, as well as other matters believed to be relevant to its analyses.

Further, Stern considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that Stern deemed relevant to its analyses. Stern's opinions are based on market, economic and other conditions and circumstances involving Tower Properties and its industry, as they existed as of the date of its opinion and which, by necessity, can only be evaluated by Stern as of that date. Stern assumed no responsibility to update or revise its opinion based upon events or circumstances occurring after the date thereof. In conducting its review and arriving at its opinions, Stern relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or discussed with Stern by Tower Properties or otherwise publicly available, and assumed that there were no material changes in Tower Properties' business operations, financial condition, assets, liabilities or prospects since the respective dates of such information. Stern did not independently verify this information, nor did Stern have such information independently verified. Stern did not conduct a physical inspection of any of the assets or properties of Tower Properties, nor did Stern make any independent evaluation or appraisals of any such assets or properties.

Fee And Other Information

Stern was selected as financial advisor by the board of directors in connection with the Split Transaction based on its qualifications, expertise and reputation. Stern is an independent investment banking firm with offices in Kansas City, Missouri whose business includes rendering advisory services in connection with mergers and acquisitions and corporate financings, including rendering fairness opinions in connection therewith, and advising clients with respect to equity and fixed income investments. Stern received a fee paid by Tower Properties in the amount of approximately \$48,000, plus reimbursement of expenses in connection with the rendering of its fairness opinions. Stern's fee was based on time spent at a set hourly rate. No portion of Stern's fee was contingent upon consummation of the proposed transaction or the conclusion reached by Stern in its fairness opinion. There are no other current arrangements to compensate Stern, its affiliates or unaffiliated representatives for any services rendered

CERTAIN EFFECTS OF THE SPLIT TRANSACTION

Effects on Affiliated and Unaffiliated Shareholders.

As used in this proxy statement, the "affiliated shareholder" means any shareholder who is affiliated with Tower Properties' directors, executive officers, and holders of 10% or more of the Company's common stock, including Commerce Bank, N.A., and the term "unaffiliated shareholder" means any shareholder other than an affiliated shareholder.

The Split Transaction will generally have the same effect on our affiliated shareholders and our unaffiliated shareholders. As each of our affiliated shareholders generally owns more

than 30 shares of common stock, it is expected that all of our affiliated shareholders will retain ownership of shares of common stock following the Split Transaction and that their ownership percentage interest in the Company will increase slightly as a result of the Split Transaction. For example, assuming the Split Transaction is approved by our shareholders and the number of shares of common stock outstanding is reduced by 2,300 shares as a result of the Split Transaction (calculated on a pre-split basis), the ownership percentage of our affiliated shareholders as a group would increase from 74.5% to 75.6%, the ownership percentage of Commerce Bank, N.A. in a representative capacity would increase from 31.4% to 31.9%, the ownership percentage of David W. Kemper would increase from 17.6% to 17.8%, the ownership percentage of Jonathan M. Kemper would increase from 17.5% to 17.8%, the ownership percentage of James M. Kemper, Jr. would increase from 8.3% to 8.4%, and the ownership percentage of John W. Kemper would increase from 1.37% to 1.39%. The increase in the ownership percentage of Commerce Bank, N.A. is strictly an estimate, as Commerce Bank may hold shares in a representative capacity for shareholders who will receive cash in the Split Transaction. For more information on our affiliated shareholders' interests, see "Additional Information Regarding the Split Transaction – Potential Conflicts of Interest of Affiliated Shareholders in the Split Transaction" and "Security Ownership of Certain Beneficial Owners and Management" in this proxy statement.

The effects of the Split Transaction will vary based on whether or not all or any portion of a shareholder's shares will be cashed out in the Transaction. The determination of whether or not any particular shares would be cashed out will be based on whether the shareholder holds fewer than 30 shares of common stock, whether those shares are held of record or in street name with a broker or other nominee, the procedures and the determination of the shareholder's broker or other nominee if those shares are held in street name and whether a shareholder holds shares in excess of 30 shares that is not evenly divisible by 30. See "Amendments to the Articles of Incorporation to Effect the Split Transaction – Ability of Certain Shareholders to Participate or Not to Participate" in this proxy statement.

Effects on Shareholders Holding Less Than 30 Shares of Record.

If the Split Transaction is implemented, shareholders holding fewer than 30 shares of common stock of the Company:

- Will not receive a fractional share of common stock as a result of the Split Transaction;
- Will instead receive cash equal to \$300.00 for each share of Company common stock held immediately prior to the Split Transaction;
- Will not receive any interest on the cash payments received as a result of the Split Transaction;
- Will not be required to pay any brokerage commissions in connection with the Split Transaction; and

- Will have no further ownership interest in the Company with respect to their cashed out shares and will not have the opportunity to participate in any potential future appreciation in the value of such shares.

Cash payments to shareholders receiving cash as a result of the Split Transaction will be subject to federal income taxation. For a discussion of the material U.S. federal income tax consequences of the Split Transaction, see "Additional Information Regarding the Split Transaction – Material U.S. Federal Income Tax Consequences" in this proxy statement.

Effects on Shareholders Holding 30 or More Shares of Record.

If the Split Transaction is implemented, shareholders holding more than 30 shares of common stock of record immediately before the Split Transaction:

- Will have fewer shares of common stock after the Split Transaction;
- Will receive one share of common stock of the Company for every 30 shares of common stock held before the Split Transaction and, in lieu of fractional shares, will receive from the Company \$300.00 in cash, without interest, for the shares of Company common stock held immediately prior to the Split Transaction which are not evenly divisible by 30; and
- May experience a reduction in liquidity with respect to their shares due to the reduction in the number of our shares outstanding as a result of the Split Transaction. Any trading in our common stock after the suspension of our reporting obligations under the Exchange Act and the Split Transaction will continue to occur only as a result of "pink sheet" quotations of unsolicited customer orders, or in privately negotiated sales. Because market makers (and not the Company) would quote our shares in the pink sheets, we cannot guarantee that our shares will always be available for trading in the pink sheets.

We intend to continue to make available via the pink sheets news service adequate current information concerning Tower Properties within the meaning of Rule 15c2-11 under the Exchange Act, which information includes financial statements prepared in accordance with U.S. generally accepted accounting principles, in order to permit our shares to be considered for pink sheets quotations. However, due to the suspension of reporting obligations under the Exchange Act, our remaining shareholders will not have available all of the information regarding the Company that was once available in the Company's SEC filings.

Effects on the Company.

If consummated, the Split Transaction will have the following effects on the Company:

- We estimate that the Split Transaction will reduce the number of our shareholders of record from 230 at November 4, 2008, to approximately 65. We use the November 4, 2008 date and the information current as of that day because the estimates management used in recommending the reverse stock split ratio were

based on information as of that date. As noted earlier, in addition to the approximately 461 shares of common stock held by shareholders holding fewer than 30 shares of common stock of the Company, we assume that beneficial owners of approximately 1,839 additional shares will receive cash for their shares in the Split Transaction. Because we do not know the number of our shares that will be cashed out, this number is strictly an estimate. We prepared the estimate by assuming that all beneficial owners holding fewer than 30 shares will choose to participate in the Split Transaction. If this total number of shares were to be cashed out, our outstanding shares of common stock would decrease from 160,981 to 158,681 (calculated on a pre split basis; on a post-split basis, the number of shares outstanding would decrease to 5,289).

- We estimate that the continued suspension of our reporting obligations under the Exchange Act will avoid a one-time expense of approximately \$485,000 and annual expenses of approximately \$275,000 thereafter.
- We estimate that we will use approximately \$1,225,000 of current cash and cash equivalents to complete and pay the expenses of the Split Transaction and that the Split Transaction will not have any material adverse effect on our liquidity, results of operations or cash flow. Because we do not currently know the actual number of shares which will be cashed out, this is only an estimate. See "Additional Information Regarding the Split Transaction – Costs of Split Transaction and Source of Funds" for a description of the costs and expenses we expect to incur in connection with the Split Transaction.
- Because (1) the price to be paid to shareholders receiving cash as a result of the Split Transaction will be \$300.00 for each resulting fractional share, (2) the estimated number of shares of common stock to be cashed out as a result of the Split Transaction is approximately 2,300 (3) the total cost to Tower Properties (including expenses) of effecting the Split Transaction is expected to be approximately \$1,225,000, and (4) at September 30, 2008, aggregate shareholders' equity in Tower Properties was approximately \$39,072,000, or \$243 per share, we expect that, as a result of the Split Transaction:
 - aggregate shareholders' equity of Tower Properties as of September 30, 2008, would be reduced from approximately \$39,847,000 on a historical basis to approximately \$37,882,000 on a pro forma basis; and
 - the book value per share of common stock as of September 30, 2008, would be decreased from \$243 per share on a historical basis to approximately \$239 per share on a pro forma basis (calculated on a pre-split basis; on a post-split basis, the book value per share would be \$7,156 per share).
- The reduction in the number of our shares outstanding as a result of the Split Transaction, together with the reduction in public information concerning the

Company as a result of it no longer being required to file reports under the Exchange Act, may adversely affect the liquidity of our common stock. This will make it more difficult for us to access the public equity and debt markets, to access the private debt markets (although we have not done these types of transactions in the past), or to use our stock to acquire other companies (although we have not done this in the past).

POTENTIAL CONFLICTS OF INTEREST OF AFFILIATED SHAREHOLDERS

The executive officers and directors of Tower Properties and Commerce Bank, N.A., Tower Properties' largest shareholder, in which David M. Kemper is President and Chief Executive Officer, and Jonathan M. Kemper is Vice Chairman of the board of directors, may have interests in the Split Transaction that are different from your interests as a shareholder, or relationships that may present conflicts of interest, including the following:

- Commerce Bank, N.A., in a representative capacity, David W. Kemper, a director, Jonathan M. Kemper, a director and non-executive Chairman of the Board, James M. Kemper, Jr., a director, John W. Kemper, a director, and William E. Quirk and Brian D. Everist, directors and members of the special committee, each own more than 30 shares of common stock of the Company and will retain an ownership interest after the Split Transaction.
- As a result of the Split Transaction, shareholders holding more than 30 shares, including Commerce Bank, N.A., in a representative capacity, David W. Kemper, Jonathan M. Kemper, James M. Kemper, Jr., John W. Kemper, William E. Quirk and Brian D. Everist, will increase their percentage ownership interest in the Company. For example, assuming the Split Transaction is approved by the shareholders and the number of shares of Tower Properties common stock outstanding is reduced by 2,300 shares as a result of the Split Transaction:
 - The ownership percentage of Commerce Bank, N.A. in a representative capacity would increase from 31.4% to 31.9%, the ownership percentage of David W. Kemper would increase from 17.6% to 17.8%, the ownership percentage of Jonathan M. Kemper would increase from 17.5% to 17.8%, the ownership percentage of James M. Kemper, Jr. would increase from 8.3% to 8.4%, and the ownership percentage of John W. Kemper would increase from 1.37% to 1.39%. The increase in the ownership percentage of Commerce Bank, N.A. in a representative capacity, is strictly an estimate, as we do not know how many shareholders holding fewer than 30 shares of common stock of the Company who are clients of Commerce Bank, N.A. will participate in the Split Transaction.
 - the ownership percentage of our affiliated shareholders as a group will increase from 74.5% to approximately 75.6%.

- the collective book value as of September 30, 2008 of our shares held by affiliated shareholders will decrease from \$29,109,000 on a historical basis to approximately \$28,613,000 on a pro forma basis.
- After the Split Transaction, the directors and executive officers of the Company will continue to hold the offices and positions they held immediately prior to the Split Transaction.
- Messrs. Quirk and Everist received no compensation for serving as members of the special committee, other than regular compensation for serving as directors of Tower Properties.

CONDUCT OF COMPANY'S BUSINESS AFTER THE TRANSACTION

Following the Split Transaction, the Company will continue to conduct its existing operations in the same manner as now conducted. The executive officers immediately prior to the Split Transaction will continue to be the executive officers of the Company after the Split Transaction. The directors immediately prior to the Split Transaction will continue as directors of the Company.

We have no current plans or proposals to effect any other extraordinary corporate transaction, such as a merger, reorganization or liquidation; to sell or transfer any material amount of our assets; to change our board of directors or management; to change materially our indebtedness or capitalization; or otherwise to effect any material change in our corporate structure or business.

The shares of the common stock to be purchased by us in the Split Transaction will be held as treasury stock and will be included in the Company's authorized but unissued shares available for issuance in the future. Although we have no plans to issue common stock after the Split Transaction, we reserve the right to do so at any time, at such prices and on such terms as the board of directors determines to be in the best interest of the Company. Shareholders will not have any preemptive or other preferential rights to purchase any of our stock that may be issued in the future, unless we otherwise grant such rights.

Although we have no plans to repurchase our shares of common stock after the Split Transaction, we may in the future from time to time repurchase our common stock pursuant to a repurchase program, privately negotiated sales, or other transactions. In addition, we may repurchase shares pursuant to the Repurchase Option described in Proposal 2. Any future repurchases would depend on a number of factors, including our financial condition, results of operations and capital resources.

ANTICIPATED ACCOUNTING TREATMENT

The Company anticipates that it will account for the purchase of outstanding shares of common stock from shareholders holding fractional shares as a result of the Split Transaction as treasury stock.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

Summarized below are material U.S. federal income tax consequences to the Company and its shareholders resulting from the Split Transaction. This summary is based on existing federal income tax law, which may change, even retroactively. This summary does not discuss all aspects of federal income taxation which may be important to you in light of your individual circumstances. Many shareholders (such as financial institutions, insurance companies, broker-dealers, tax-exempt organizations and foreign persons) may be subject to special tax rules. Other shareholders may also be subject to special tax rules including, but not limited to, shareholders who received our common stock as compensation for services or pursuant to the exercise of an employee stock option, or shareholders who have held, or will hold, stock as part of a straddle, hedging, or conversion transaction for federal income tax purposes. In addition, this summary does not discuss any state, local, foreign, or other tax considerations. We will not obtain a ruling from the Internal Revenue Service or an opinion of counsel regarding the federal income tax consequences to the Company or the shareholders of the Company as a result of the Split Transaction.

The Following Discussion of Material U.S. Federal Income Tax Consequences of the Split Transaction is General and Does Not Discuss All Consequences to Every Shareholder Under Federal, State, Local or Foreign Tax Laws. Accordingly, You are Encouraged to Consult Your Own Tax Advisor as to Your Particular Federal, State, Local, Foreign and Other Tax Consequences, in Light of Your Specific Circumstances.

This summary assumes that you are one of the following: (1) a citizen or resident of the United States; (2) a corporation or other entity taxable as a corporation created or organized under U.S. law (federal or state); (3) an estate the income of which is subject to federal income taxation regardless of its sources; (4) a trust if a U.S. court is able to exercise primary supervision over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust; or (5) any other person whose worldwide income and gain is otherwise subject to U.S. federal income taxation on a net basis. This summary also assumes that you have held and will continue to hold your shares as capital assets.

Federal Income Tax Consequences To The Company.

We believe that the Split Transaction will be treated as a tax-free "recapitalization" for federal income tax purposes. This will result in no material federal income tax consequences to the Company or to the shareholders who do not receive cash as a result of the Split Transaction.

Federal Income Tax Consequences To Shareholders, Including Affiliates, Who are Not Cashed Out In The Transaction.

If you (1) continue to hold our common stock immediately after the Split Transaction, and (2) you receive no cash as a result of the Split Transaction, you will not recognize any gain or loss in the Split Transaction and you will have the same adjusted tax basis and holding period in your common stock as you had in such stock immediately prior to the Split Transaction.

Federal Income Tax Consequences To Cashed Out Shareholders, Including Affiliates, Who Do Not Own, And Are Not Deemed To Own, Any Company Common Stock After The Transaction.

If you receive cash as a result of the Split Transaction and do not own our common stock after such transaction, and are not deemed to own any common stock held by any related person or entity immediately after the Split Transaction, you will recognize capital gain or loss for federal income tax purposes. The amount of capital gain or loss you recognize will equal the difference between the cash you receive for your cashed out stock and your aggregate adjusted tax basis in such stock.

Federal Income Tax Consequences to Shareholders, Including Affiliates, Who Both Receive Cash And Own, Or Are Considered To Own, Common Stock For Federal Income Tax Purposes After The Split Transaction.

If you receive cash as a result of the Split Transaction, but either continue to directly own our common stock immediately after the Split Transaction, or are related to a person or entity who continues to hold common stock immediately after the Split Transaction, you will recognize capital gain, but not loss, equal to the lesser of (1) the excess of the sum of the aggregate fair market value of our shares of common stock deemed received in the Split Transaction plus the cash received over your adjusted tax basis for the common stock disposed of in the Split Transaction or (2) the amount of cash received in the Split Transaction, provided that your receipt of cash: (a) is "not essentially equivalent to a dividend," (b) constitutes a "substantially disproportionate redemption of stock," or (c) constitutes a "complete termination of interest," as described below.

(a) "Not Essentially Equivalent to a Dividend." You will satisfy the "not essentially equivalent to a dividend" test if the reduction in your proportionate interest in the Company resulting from the Split Transaction (taking into account for this purpose the stock owned by persons or entities deemed related to you under the attribution provisions of the Internal Revenue Code of 1986, as amended) is considered a "meaningful reduction" given your particular facts and circumstances. The Internal Revenue Service has ruled that a small reduction by a minority shareholder whose relative stock interest is minimal and who exercises no control over the affairs of the corporation will satisfy this test.

(b) "Substantially Disproportionate Redemption of Stock." The receipt of cash in the Split Transaction will be a "substantially disproportionate redemption of stock" for you if the percentage of the outstanding shares of common stock owned by you (and by persons related to you) immediately after the Split Transaction is (i) less than 50% of all outstanding shares and (ii) less than 80% of the percentage of shares of stock owned by you (and by persons related to you) immediately before the Split Transaction.

(c) "Complete Termination of Interest." To satisfy the "complete termination of interest" test, you cannot continue to directly hold any stock immediately after the Split Transaction. If you are treated as owning shares of stock actually or constructively owned by certain individuals and entities related to you, you may still satisfy the

requirements of this test if you (i) retain no interest in the Company immediately after the Split Transaction (including any interest as an officer, director, or employee), other than an interest as a creditor, (ii) do not acquire an interest in the Company within ten years after the date of the Split Transaction, and (iii) agree to notify the Internal Revenue Service of the acquisition of any interest in the Company within that ten-year period. You should consult your tax advisor for details if you find that these facts describe your situation and you wish to recognize capital gain or loss on the receipt of cash for your cashed out stock.

In applying each of these three tests, you will be treated as owning shares of common stock actually or constructively owned by certain individuals and entities related to you pursuant to section 318 of the Internal Revenue Code of 1986, as amended. If your receipt of cash in exchange for stock is not treated as capital gain or loss under any of the tests, it will be treated first as ordinary dividend income to the extent of your ratable share of the Company's current and accumulated earnings and profits, then as a tax-free return of capital to the extent of your aggregate adjusted tax basis in your shares, and any remaining amount will be treated as capital gain. For a more detailed discussion, please see "Capital Gain and Loss" and "Dividends" in this section below. If your receipt of cash in exchange for stock is treated as ordinary dividend income, you may not receive any tax benefit from your basis in such shares.

In the foregoing circumstances, your aggregate adjusted tax basis in your shares of common stock held immediately after the Split Transaction will be equal to your aggregate adjusted tax basis in your shares of common stock held immediately prior to the Split Transaction, increased by any gain recognized in the Split Transaction, and decreased by the amount of cash received in the Split Transaction.

Capital Gain and Loss.

For individuals or other non-corporate shareholders, net capital gain (defined generally as your total capital gains in excess of capital losses for the year) recognized upon the sale of capital assets that have been held for more than 12 months generally will be subject to tax at a federal income tax rate not to exceed 15%. Net capital gain recognized from the sale of capital assets that have been held for 12 months or less will continue to be subject to tax at ordinary income tax rates. In addition, capital gain recognized by a corporate taxpayer will continue to be subject to tax at the ordinary income tax rates applicable to corporations. In general, the capital losses of individuals may only be deducted to the extent of the individual's capital gains plus \$3,000 each year. Any capital loss of an individual which is not deductible by reason of the foregoing limitation may be carried forward to subsequent years. In the case of corporations, capital losses may only be deducted to the extent of capital gains. Any capital loss of a corporation which is not deductible by reason of the foregoing limitation may be carried back three years and carried forward five years.

Dividends.

In general, dividends are taxed at ordinary income rates. Individuals and other non-corporate shareholders, however, may qualify for a 15% rate (5% rate at lower income levels) of federal income tax on any cash received that is treated as a dividend under the rules described

above, provided that: (1) you have held the common stock with respect to which the dividend was received for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date, as determined under the Internal Revenue Code, and (2) you were not obligated during such period (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property.

Backup Withholding.

Shareholders will be required to provide their social security or other taxpayer identification numbers (or, in some instances, additional information) in connection with the Split Transaction to avoid backup withholding requirements that might otherwise apply. The letter of transmittal will require each shareholder to deliver such information when the common stock certificates are surrendered following the effective date of the Split Transaction. Failure to provide such information may result in backup withholding at a rate of 28%.

Reporting Requirements.

Each shareholder owning 1% or more of the Company's common stock will be required to attach a statement to the shareholder's tax return for the taxable year in which the Split Transaction is completed that contains the information set forth in Section 1.368-3(b) of the U.S. Treasury regulations. The statement must include the shareholder's tax basis in the Company common stock surrendered and a description of the Company common stock and cash received in the Split Transaction.

REGULATORY APPROVALS

The Company is not aware of any material governmental or regulatory approval required for completion of the Split Transaction, other than compliance with the relevant federal and state securities laws and the corporate law of Missouri.

DISSENTERS' AND APPRAISAL RIGHTS

Shareholders do not have dissenters' or appraisal rights under Missouri law or under the Company's Articles of Incorporation or by-laws in connection with the Split Transaction.

Shareholders who can demonstrate that they have been damaged by the Split Transaction may have other rights or actions under Missouri or federal and state securities laws. The nature and extent of such rights or actions are uncertain and vary depending on facts and circumstances. Generally, shareholder challenges to corporate actions are related to fiduciary responsibilities of directors and corporate officers.

ADDITIONAL INFORMATION REGARDING THE SPLIT TRANSACTION

COSTS OF SPLIT TRANSACTION AND SOURCE OF FUNDS

The following is a breakdown of the estimated costs incurred or expected to be incurred by us in connection with the Split Transaction. Final costs may be greater or less than the estimates provided.

Estimated Costs of the Split Transaction

| | |
|--|--------------------|
| Cash for purchase of fractional shares from shareholders | \$690,000 |
| Legal fees and expenses | 323,000 |
| Financial advisors' and Appraisers' fees | 197,000 |
| Transfer agent fees | 12,000 |
| Printing, mailing and other costs | 3,000 |
| Total Costs | <u>\$1,225,000</u> |

We expect to fund these costs from current cash and cash equivalents.

FINANCIAL INFORMATION

Summary Financial Information

The following summary of historical financial information is derived from the Company's audited financial statements as of and for each of the fiscal years ended December 31, 2007, December 31, 2006, and December 31, 2005, and from the Company's unaudited interim consolidated financial statements as of and for the nine months ended September 30, 2008. This financial information is only a summary and should be read in conjunction with the Company's financial statements for the periods described, which are incorporated herein by reference. Copies of these financial statements are available from the Company by request. See "Where you Can Find More Information" in this proxy statement.

| | Statements of Operations | | | |
|--------------------------|---------------------------------|--------------|--------------|---------------------------|
| | Fiscal Years Ended December 31, | | | |
| | 2005 | 2006 | 2007 | 9 Months Ended 9/30/08 |
| Total revenue | \$31,022,000 | \$30,597,000 | \$21,321,000 | \$16,627,000 |
| Total operating expenses | 26,605,000 | 25,069,000 | 20,841,000 | 16,217,000 |
| Net income | 4,417,000 | 5,528,000 | 480,000 | 410,000 |
| Earnings per share: | | | | |
| Basic | 23.87 | 31.50 | 2.98 | 2.55 |
| Diluted | 23.87 | 31.50 | 2.98 | 2.55 |

| | Balance Sheets | | | |
|-----------------------------------|--------------------|---------------|---------------|---------------|
| | As of December 31, | | | |
| | 2005 | 2006 | 2007 | As of 9/30/08 |
| Total assets | \$120,285,000 | \$123,542,000 | \$129,600,000 | \$136,254,000 |
| Total liabilities | 79,673,000 | 85,427,000 | 91,106,000 | 97,182,000 |
| Total stockholders' investment | 40,612,000 | 38,115,000 | 38,494,000 | 39,072,000 |
| Book value per share | 219 | 237 | 239 | 243 |

Pro Forma Financial Information

The following pro forma financial information is based on historical data, adjusted to give effect to the Split Transaction. The unaudited pro forma balance sheet is based on the assumptions that an aggregate of 2,300 shares of common stock outstanding prior to the Split Transaction will be cashed out for an aggregate \$690,000 in the Split Transaction, with \$535,000 in costs being incurred by the Company to effect the Split Transaction. The unaudited pro forma balance sheet reflects the effect of the Split Transaction as if it had occurred on September 30, 2008, the most recent date as of which we have published a balance sheet. The pro forma information set forth below is not necessarily indicative of what the Company's actual financial position would have been had the Split Transaction been consummated as of September 30,

2008, or of the financial position that may be reported by the Company in the future. The per share information is shown on a pre-Split Transaction basis.

Pro Forma Condensed Balance Sheet (Unaudited)
TOWER PROPERTIES COMPANY
PRO FORMA BALANCE SHEET
September 30, 2008
(UNAUDITED)

| | Tower Properties Historical 9/30/2008 | Split Transaction (Including Expenses) | Tower Properties Pro Forma |
|---|--|---|----------------------------------|
| Investment in Commercial Properties: | | | |
| Commercial Properties, Net | \$104,939,482 | \$ -- | \$104,939,482 |
| Real Estate Held for Sale | 156,717 | | 156,717 |
| Cash and Cash Equivalents (Related Party) | 19,000,186 | (1,225,000) | 17,775,186 |
| Investment Securities at Fair Value (Related Party) | 7,709,638 | | 7,709,638 |
| Receivables and Other Assets (Including Related Party) | 4,448,485 | | 4,448,485 |
| Total Assets | \$136,254,508 | \$(1,225,000) | \$135,029,508 |
| LIABILITIES AND STOCKHOLDERS' | | | |
| INVESTMENT | | | |
| Liabilities: | | | |
| Mortgage Notes | \$76,657,861 | \$ -- | \$76,657,861 |
| Real Estate Bond Issue | 6,400,000 | -- | 6,400,000 |
| Accounts Payable and Other Liabilities | 4,571,443 | -- | 4,571,443 |
| Deferred Income Taxes | 9,552,706 | -- | 9,552,706 |
| Total Liabilities | \$97,182,010 | \$ -- | \$97,182,010 |
| Commitments and Contingencies | | | |
| Stockholders' Investment | | | |
| Common Stock, Par Value \$1.00 | | | |
| Authorized 1,000,000 Shares, Issued | | | |
| 185,430 Shares | 185,430 | | 185,430 |
| Paid-In Capital | 18,940,957 | | 18,940,957 |
| Retained Earnings | 23,696,430 | (535,000) | 23,161,430 |
| Accumulated Other Comprehensive Income | 4,176,122 | | 4,176,122 |
| | 46,998,939 | (535,000) | 46,463,939 |

| | Tower Properties Historical 9/30/2008 | Split Transaction (Including Expenses) | Tower Properties Pro Forma |
|---|--|---|----------------------------------|
| Less Treasury Stock, At Cost | (7,926,441) | (690,000) | (8,616,441) |
| Total Stockholders' Investment | <u>\$39,072,498</u> | <u>\$(1,225,000)</u> | <u>\$37,847,498</u> |
| Total Liabilities and Stockholders' Investment | <u>\$136,254,508</u> | <u>\$(1,225,000)</u> | <u>\$135,029,508</u> |
| Book Value Per Share of Outstanding Common Stock | <u>\$243</u> | | <u>\$239⁽¹⁾</u> |

(1) On a post-Split-Transaction basis, the book value per share would be \$7,156

MARKET FOR COMMON STOCK AND DIVIDENDS

The trading activity in Tower Properties' common stock is limited. The following table shows the quarterly high and low reported sales prices per share for the common stock during 2008, 2007 and 2006 in the "over-the-counter" market. The data for the fourth quarter of 2008 is current through December 8, 2008.

| | <u>2008</u> | | <u>2007</u> | | <u>2006</u> | |
|----------------|-------------|------------|-------------|------------|-------------|------------|
| | <u>High</u> | <u>Low</u> | <u>High</u> | <u>Low</u> | <u>High</u> | <u>Low</u> |
| First Quarter | \$305 | \$297 | \$350 | \$308 | \$395 | \$335 |
| Second Quarter | 390 | 345 | 350 | 345 | 360 | 340 |
| Third Quarter | 449 | 340 | 355 | 348 | 340 | 300 |
| Fourth Quarter | 306 | 180 | 360 | 301 | 315 | 305 |

Tower Properties did not pay a dividend on its common stock in 2008, 2007 or 2006. There are no contractual restrictions on Tower Properties' ability to pay a dividend on its common stock in the future.

PROPOSAL NO. 2

AMENDMENT TO THE ARTICLES OF INCORPORATION TO EFFECT A REPURCHASE OPTION AND REDUCE THE COMPANY'S AUTHORIZED CAPITAL

In connection with the Split Transaction described above, the Company is seeking approval of an amendment to the Company's Articles of Incorporation granting to us the Repurchase Option. The purpose of the Repurchase Option is to limit the likelihood that the Company would become subject to federal securities law reporting requirements and Section 404 of Sarbanes-Oxley in the future. If approved by our shareholders, we will file an amendment to our Articles of Incorporation to grant the Repurchase Option to the Company, to be effective immediately after the proposed Split Transaction, and share certificates will include a legend noting the existence of the Repurchase Option. The amendment would also have the effect of reducing the Company's authorized capital, and would create a new class of non-redeemable common stock. Consistent with the proposed Split Transaction, the authorized capital would be reduced to one-thirtieth of the current authorized capital.

The Company expects that, upon the effectiveness of the Split Transaction, it will have approximately 65 shareholders of record, as calculated pursuant to the Repurchase Option. The Repurchase Option would require any shareholder proposing to transfer shares of common stock to notify the Company prior to such proposed transfer. If the Corporation received notice of a proposed transfer that would cause, or had caused, the number of holders of record of the Company's common stock to equal or exceed 250, the Company would have 30 days to exercise its Option.

For purposes of the Repurchase Option, a "transfer" would include any conveyance of common stock of the Company, whether voluntary or involuntary, including but not limited to any sale, gift, assignment, bequest, or devise.

The number of holders of record for purposes of the Repurchase Option would be calculated pursuant to the Securities and Exchange Commissions' Securities Exchange Act Rule 12g5-1 and its interpretations thereof, and any successor law or rule or interpretation. Rule 12g5-1, which defines "held of record" for relevant purposes of the Exchange Act, is the counting rule for determining whether the number of our holders of record would cause us to again become a reporting company. Under the rule, institutional custodians, such as Cede & Co. and other commercial depositories, are not single holders of record for purposes of the Exchange Act's registration and periodic reporting provisions. Instead, each of the depository's accounts for which the securities are held is a single record holder. But Rule 12g5-1 does not require an issuer to look through record ownership to the beneficial holders in determining the number of holders of record for purposes of the rule. As a result, securities held in street name by a broker-dealer are held of record under the rule only by the broker-dealer.

The board of directors has chosen a threshold of 250 holders of record, which balances the legitimate interest the Company's shareholders have in transferring shares to non-shareholder with the Company's interest in maintaining its status as a non-reporting company.

The price to be paid for the shares pursuant to the Repurchase Option would be the fair market value per share as determined by an appraiser selected by the board of directors in its sole discretion. The board of directors may rely on an appraisal for up to one year. Should it deem appropriate, the board of directors would have the right, in its sole discretion, to obtain a more recent appraisal. The Company would be permitted to exercise the Repurchase Option for all, but not less than all, of the shares proposed to be transferred.

We believe that the Repurchase Option is enforceable under Missouri law. Under the Missouri General and Business Corporation Law ("MGBCL"), the terms of a corporation's stock may include restrictions, including transfer restrictions. The MGBCL further provides that Missouri corporations may amend their articles of incorporation at any time to add or change a provision that is permitted in the articles, including the restrictions applicable to its stock. Missouri courts have previously held that shareholders own their shares in a Missouri corporation subject to the possibility of future amendments to the articles of incorporation. However, our legal counsel has informed us that while they believe a Missouri court should enforce the provision, there is no case law on point in Missouri. Accordingly, there can be no assurance that the Repurchase Option will be enforceable under Missouri law, and there can be no assurance that the Repurchase Option will allow us to avoid again becoming a reporting company.

The proposed amendment would also have the effect of reducing the Company's authorized capital. Consistent with the proposed Split Transaction, the authorized capital would be reduced to one-thirtieth of the current authorized capital. The number of authorized shares of common stock would be reduced from 1,000,000 shares to 33,333 shares, and the number of shares of preferred stock would be reduced from 60,000 shares to 2,000 shares.

Missouri law permits the stock of any class or series to be made subject to redemption by the company at its option, or at the option of the holders of such stock, or upon the happening of a specified event, provided that at the time of such redemption the company has outstanding shares of at least one class or series of stock with full voting powers which are not subject to the redemption. Thus, in order for the Company to implement the Repurchase Option, it is required to issue at least one new share of capital stock that is not subject to the Repurchase Option. The proposed amendment would authorize the issuance of one share of non-redeemable common stock with the identical privileges, powers, rights, qualifications and limitations of our common stock, except that the new share will not be subject to the Repurchase Option. Our board of directors has authorized the issuance of the one share of non-redeemable common stock upon the effectiveness of the proposed amendment, and, upon the effectiveness of the proposed amendment, Mr. Quirk, an independent director of the Company, will exchange one share of his common stock in the Company for a non-redeemable share of common stock.

Share certificates issued after the Split Transaction and after approval of the Repurchase Option will include the following legend:

**THIS CERTIFICATE, AND THE SHARES OF STOCK REPRESENTED HEREBY,
ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN THE
ARTICLES OF INCORPORATION OF THE CORPORATION, AS THE SAME MAY
BE AMENDED FROM TIME TO TIME, COPIES OF WHICH MAY BE OBTAINED**

FROM THE CORPORATION BY THE RIGHTFUL HOLDER HEREOF. NEITHER THIS CERTIFICATE NOR ANY INTEREST REPRESENTED BY THIS CERTIFICATE MAY BE SOLD OR OTHERWISE TRANSFERRED, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH ARTICLES OF INCORPORATION.

THE PROPOSED AMENDMENTS

The following is a description of the material terms and effects of the Split Transaction. Copies of the proposed amendments effecting both the Split Transaction and the Repurchase Option are attached as Exhibits A and B to this proxy statement and are collectively referred to herein as the "proposed amendments." This discussion does not include all of the information that may be important to you. You should read the proposed amendments and this proxy statement and related exhibits before deciding how to vote at the special meeting.

MECHANICS OF THE SPLIT TRANSACTION

The Split Transaction consists of a 1-for-30 reverse stock split, such that each shareholder receiving a fractional share as a result of the Split Transaction will have his or her fractional shares cancelled and converted into the right to receive cash consideration of \$300.00, without interest, for each share of common stock of the Company held immediately prior to the Split Transaction. The Split Transaction will become effective at 11:59 p.m. on December 31, 2008. At 11:59 p.m., Central time, on the effective date, the Company will effect a 1-for-30 reverse stock split of our common stock, pursuant to which each shareholder holding 30 or more shares of common stock of the Company immediately before the reverse stock split will immediately after the reverse stock split own one share of common stock for each 30 shares of common stock held immediately before the reverse stock split.

CONVERSION OF SHARES IN THE SPLIT TRANSACTION

At the effective date of the Split Transaction:

- shareholders holding fewer than 30 shares of common stock of record immediately before the reverse stock split, will receive cash equal to \$300.00 without interest for each share of Company common stock held immediately prior to the Split Transaction;
- shareholders owning fewer than 30 shares in street name immediately before the reverse stock split, whose nominees have accepted our offer to treat their shares in the same manner as shares held of record, will receive cash equal to \$300.00, without interest, for each share of Company common stock held immediately prior to the Split Transaction;
- shareholders holding more than 30 shares of common stock of record immediately before the reverse stock split will receive one whole share for each 30 shares held immediately before the reverse stock split and in lieu of fractional shares will receive cash equal to \$300.00 without interest, for shares of Company common stock held immediately prior to the Split Transaction that are not evenly divisible by 30.

The Company (along with any other person or entity to which it may delegate or assign any responsibility or task with respect thereto) shall have full discretion and exclusive authority (subject to its right and power to so delegate or assign such authority) to:

- make such inquiries, whether of any shareholder or otherwise, as we may deem appropriate for purposes of effecting the Split Transaction; and
- resolve and determine, in our sole discretion, all ambiguities, questions of fact and interpretive and other matters relating to such provisions, including, without limitation, any questions as to the number of shares held by any shareholder immediately before the effective date. All such determinations by the Company shall be final and binding on all parties, and no person or entity shall have any recourse against the Company or any other person or entity with respect thereto.

For purposes of effecting the Split Transaction, we will presume that any shares of our common stock held in a discrete account (whether of record or beneficial) are held by a person distinct from any other person, notwithstanding that the registered or beneficial holder of a separate discrete account has the same or a similar name as the holder of a separate discrete account.

EXCHANGE OF CERTIFICATES; PAYMENT OF CASH CONSIDERATION

At the effective date of the Split Transaction, all stock certificates evidencing ownership of common stock shall be deemed cancelled without further action by the shareholders. Certificates previously held by shareholders holding fewer than 30 shares of common stock of record will no longer represent an ownership interest in the Company, but will represent only the right to receive cash equal to \$300.00 without interest for each share of Company common stock held immediately prior to the Split Transaction. Any such certificates subsequently presented for transfer will not be transferred on our books and records. Certificates previously held by shareholders holding 30 or more shares before the Split Transaction will be cancelled, and new certificates evidencing ownership of one share in the Company after the Split Transaction for each 30 shares held prior to the Split Transaction will be issued and the pre-Split Transaction shares not evenly divisible by 30 will be converted into cash and shall be deemed cancelled without further action of such holders. The new certificates will include a legend noting the existence of the Repurchase Option.

We have appointed our transfer agent, ComputerShare, to act as paying agent to make the payment of the cash consideration to shareholders receiving cash. Promptly after the Split Transaction, the paying agent will mail to each shareholder who appears to be entitled to cash, based on information available to the Company, a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the certificates shall pass, only upon delivery of the certificates to the Company) and instructions to effect the surrender of the certificates in exchange for a cash payment, if any, payable with respect to such certificates. The letter of transmittal will also contain instructions in the event that the certificates of shareholders receiving cash have been lost, destroyed or mutilated.

Upon surrender of a certificate for cancellation to the paying agent, together with such letter of transmittal, duly completed and executed, and such other customary documents as may be required pursuant to such instructions, the holder of such certificate will receive from the paying agent a cash payment payable with respect to the shares cashed out in the Split Transaction and, if applicable, a new certificate for shares in the Company, and the certificate so

surrendered shall be canceled. We expect the paying agent to disburse the cash payable to shareholders entitled to cash as a result of the Split Transaction within three weeks of the effective date of the Split Transaction, subject to its receipt of a letter of transmittal in proper form with the corresponding stock certificates. In the event of a transfer of ownership of shares which is not registered in the share transfer records of the Company, the cash payment, if any, payable in respect of such shares may be paid or issued to the transferee if the certificate representing such shares is presented to the Company, accompanied by all documents required to evidence and affect such transfer and by evidence that any applicable stock transfer taxes have been paid.

Do not send your stock certificates to us and do not send them to the paying agent, until you receive a letter of transmittal and follow the instructions in the letter of transmittal.

TIMING OF SPLIT TRANSACTION AND REPURCHASE OPTION

If the Split Transaction is approved by our shareholders, the Split Transaction will take place at 11:58 p.m. central standard time on December 31, 2008. If the Repurchase Option is approved by our shareholders, the Repurchase Option will become effective at 11:59 p.m. central standard time on December 31, 2008.

CONDITIONS TO THE COMPLETION OF THE SPLIT TRANSACTION AND THE REPURCHASE OPTION

The completion of each of the Split Transaction and the Repurchase Option depends upon the approval of the proposed amendments to our Articles of Incorporation by the holders of at least a majority of our outstanding shares.

**SECURITY OWNERSHIP OF CERTAIN
BENEFICIAL OWNERS, DIRECTORS AND OFFICERS**

| Beneficial Owners, Directors, and Executive Officers | Number of Shares Beneficially Owned | Percent of Outstanding Shares as of November 30, 2008 |
|--|--|--|
| Commerce Bank, N.A., in a representative capacity ¹ | 34,823 (1a) | |
| | 15,796 (1b) | |
| | 34,823 (1c) | |
| | 15,796 (1d) | |
| Total shares beneficially owned by Commerce Bank, N.A. | 50,619 | 31.4% |
| James M. Kemper, Jr. ² | 13,406 | 8.3 |
| David M. Kemper ³ | 28,290 | 17.6 |
| Jonathan M. Kemper ⁴ | 28,247 | 17.5 |
| John W. Kemper | 2,209 | 1.4 |
| Brian D. Everist | 755 | 0.5 |
| Thomas R. Willard | 0 | - |
| William E. Quirk | 135 | 0.1 |
| Total shares beneficially owned by all directors and executive officers as a group (10 persons) | 73,042 | 45.4 |

¹ All stock registered in the name of Commerce Bank, N.A. is held in a representative capacity, and Commerce Bank, N.A. has no economic interest. The 50,619 shares reflected under Commerce Bank, N.A. do not include 14,642 shares in which Commerce Bank, N.A. in a representative capacity has some voting or investment authority, because the same shares are reflected as beneficially owned by James M. Kemper, Jr., David W. Kemper or Jonathan M. Kemper.

1(a) Commerce Bank, N.A. has sole voting authority.

1(b) Commerce Bank, N.A. has shared voting authority.

1(c) Commerce Bank, N.A. has sole investment authority.

1(d) Commerce Bank, N.A. has shared investment authority.

² Includes 324 shares in a foundation in which Mr. Kemper has voting and investment authority.

³ Includes 4,412 shares in trusts over which David W. Kemper has shared investment and voting power, but no economic interest. Includes 2,206 shares in a custodial account over which David W. Kemper has sole investment power, but no voting power or equitable ownership. Does not include 2,209 shares in a trust for the benefit of John W. Kemper under which David M. Kemper is co-trustee with shared investment and voting power, but no economic ownership; these shares are included as shares beneficially owned by John W. Kemper. Does not include 1,316 shares in a trust under which David W. Kemper is co-trustee with shared investment and voting power, but no equitable ownership. These shares are included in shares beneficially owned by Jonathan M. Kemper. Does not include 12,798 shares in trust for the benefit of Jonathan M. Kemper, over which Jonathan M. Kemper has sole investment authority and Jonathan M. Kemper and David W. Kemper have shared voting authority. These shares are included in shares beneficially owned by Jonathan M. Kemper. Does not include 13,075 shares in trust for James M. Kemper, Jr. in which David W. Kemper is co-trustee with no voting or investment authority. These shares are included as shares beneficially owned by James M. Kemper, Jr.

⁴ Includes 13,216 shares in trusts over which Jonathan M. Kemper has shared voting and investment authority, but no economic interest. Includes 536 shares in a trust over which Jonathan M. Kemper has shared voting and investment authority. Does not include 19,975 shares in trust for benefit of David W. Kemper over which David W. Kemper has sole investment authority and David W. Kemper and Jonathan M. Kemper have shared voting authority. These shares are included as shares beneficially owned by David W. Kemper.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Neither we, nor any of our associates, nor, to the best of our knowledge, any of our directors or executive officers or any of their associates, have effected any transactions in our shares of common stock during the 60 days before December 12, 2008. Mr. Quirk, a director, has agreed to exchange one share of common stock for one share of non-redeemable common stock upon the effectiveness of the amendment contemplated by Proposal 2 herein.

Except for customary margin accounts maintained at a broker by some of our directors and executive officers, and the customary terms of trust agreements to which some of our directors are parties, and except as described above, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any agreement, arrangement, or understanding with any other person directly or indirectly relating to the Split Transaction or with respect to any of our securities, including, but not limited to, any agreement, arrangement, or understanding concerning the transfer or the voting of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or the giving or withholding of proxies, consents, or authorizations.

WHERE YOU CAN FIND MORE INFORMATION

Financial information about the Company can be obtained on the Company's website, at www.towerproperties.com. You may also contact Stan Weber, Vice President and Chief Financial Officer, at (816) 421-8255 or sweber@towerproperties.com.

GENERAL

COSTS OF PROXY SOLICITATION

Directors, officers and other employees of Tower Properties may solicit proxies personally, by telephone, by facsimile or otherwise. None of such persons will receive any compensation for solicitation activities. The Company will arrange with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of stock held of record by such brokerage firms and other custodians, nominees and fiduciaries, and the Company will reimburse such record holders for their reasonable out-of-pocket expenses.

OTHER MATTERS

Management does not intend to bring any matters before the special meeting other than those set forth above and is not aware of any other matters to be presented at the meeting. However, if any other matters which are unknown at a reasonable time prior to this solicitation should be presented properly at the special meeting, it is intended that the persons named in the enclosed proxy card will vote the proxy on such matters in accordance with their best judgment.

FORWARD LOOKING STATEMENTS

Forward looking statements are those statements that describe management's beliefs and expectations about the future. We have identified forward looking statements by using words such as "anticipate," "believe," "could," "estimate," "may," "expect," and "intend." Although we believe these expectations are reasonable, our operations involve a number of risks and uncertainties, including those described in this proxy statement. Therefore, these types of statements may prove to be incorrect.

We have not authorized anyone to give any information or make any representation about the Split Transaction, the Repurchase Option or the Company that differs from, or adds to, the information in this proxy statement. If anyone gives you different or additional information, you should not rely upon it.

By Order of the Board of Directors,

Thomas R. Willard

President and Chief Executive Officer

Kansas City, Missouri
December 13, 2008

**PROPOSED FORM OF CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION
TO EFFECT REVERSE STOCK SPLIT**

**CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
TOWER PROPERTIES COMPANY**

Pursuant to the provisions of the General and Business Corporation Law of Missouri, Tower Properties Company, a Missouri corporation (the "Corporation"), does hereby certify that:

- FIRST:** The present name of the Corporation is Tower Properties Company.
- The name under which Tower Properties Company was originally organized was Tower Acquisition Corp.
- SECOND:** An amendment to the Corporation's Articles of Incorporation was adopted by the Corporation's shareholders on December 29, 2008.
- THIRD:** Article Number Four of the Corporation's Articles of Incorporation is amended to add the following new paragraph (f):
- f. Reverse Stock Split. Without regard to any other provision of these Articles of Incorporation, effective at 11:58 p.m., central standard time, on December 31, 2008, each one (1) share of Common Stock (as described in paragraph (b) of this Article Four), either issued and outstanding, or held by the Corporation as treasury stock, immediately prior to the time this amendment becomes effective, shall be and is hereby automatically reclassified and converted, without any further action, into one-thirtieth (1/30th) of a fully-paid and nonassessable share of Common Stock, without increasing or decreasing the amount of stated capital or paid-in surplus of the Corporation, provided that no fractional shares shall be issued to (a) any holder of fewer than thirty (30) shares of Common Stock immediately prior to the time this amendment becomes effective or (b) any holder of a number of shares of Common Stock not evenly divisible by thirty (30) immediately prior to the time this amendment becomes effective, and that instead of issuing such fractional shares, the Corporation shall make a cash payment equal to \$300.00 cash, without interest, for those shares of Common Stock not evenly divisible by thirty (30) held immediately prior to the time this amendment becomes effective.

FOURTH: Of the _____ shares outstanding, _____ of such shares were entitled to vote on such amendment.

The number of outstanding shares of any class entitled to vote thereon as a class were as follows:

| <u>Class</u> _____ | <u>Number of Outstanding Shares</u> _____ |
|--------------------|---|
|--------------------|---|

Common Stock

FIFTH: The number of shares voted for and against the amendment was as follows:

| <u>Class</u> _____ | <u>No. Voted For</u> | <u>No. Voted Against</u> |
|--------------------|----------------------|--------------------------|
|--------------------|----------------------|--------------------------|

Common Stock

SIXTH: If the amendment provides for an exchange, reclassification, or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, the following is a statement of the manner in which such reduction shall be effected:

Each one (1) share of Common Stock, either issued and outstanding, or held by the Corporation as treasury stock, immediately prior to the time the amendment becomes effective, shall be and is hereby automatically reclassified and converted, without any further action, into one-thirtieth (1/30th) of a fully-paid and nonassessable share of Common Stock.

SEVENTH: The amendment shall be effective at 11:58 p.m., central standard time, on December 31, 2008.

IN AFFIRMATION THEREOF, the Corporation has caused this Certificate of Amendment to be signed by its officer thereunto duly authorized this ___ day of December, 2008, affirming that the facts stated above are true and correct.

TOWER PROPERTIES COMPANY

By: _____
Thomas R. Willard
President and Chief Executive Officer

**PROPOSED FORM OF CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION
TO EFFECT REPURCHASE OPTION**

**CERTIFICATE OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
TOWER PROPERTIES COMPANY**

Pursuant to the provisions of the General and Business Corporation Law of Missouri, Tower Properties Company, a Missouri corporation (the "Corporation"), does hereby certify that:

- FIRST:** The present name of the Corporation is Tower Properties Company.
- The name under which Tower Properties Company was originally organized was Tower Acquisition Corp.
- SECOND:** An amendment to the Corporation's Articles of Incorporation was adopted by the Corporation's shareholders on December 29, 2008.
- THIRD:** The first paragraph of Article Number 4 of the Articles of Incorporation is hereby amended to read in its entirety as follows:
- Effective at 11:59 p.m. central standard time on December 31, 2008, the aggregate number of shares of capital stock of all classes which the Corporation shall have the authority to issue is 35,334 shares of stock, of which 33,333 shares shall be Common Stock, with a par value of One Dollar (\$1.00) per share, 1 share shall be Non-Redeemable Common Stock, with a par value of One Dollar (\$1.00) per share, and 2,000 shares shall be of a class designated Preferred Stock, without par value. The Non-Redeemable Common Stock shall be non-redeemable and shall not be subject to the Option (as hereinafter defined), but for all other purposes shall be treated as Common Stock pursuant hereto.

Article Number 4 of the Articles of Incorporation is hereby amended by adding the following paragraph at the end of section b:

The Corporation shall have the right to purchase shares of Common Stock proposed to be transferred by any shareholder if such transfer would cause

the number of holders of record of the Corporation's Common Stock to equal or exceed 250 (the "Option").

For purposes of the Option, a "transfer" would include any conveyance of Common Stock, whether voluntary or involuntary, including but not limited to any sale, gift, assignment, bequest, or devise. The price to be paid for each share pursuant to this Option shall be the Appraised Value.

Any shareholder proposing to transfer shares of Common Stock must notify the Company prior to such proposed transfer. At such time as the Corporation receives notice of a proposed transfer that would cause the number of holders of record of the Corporation's Common Stock to equal or exceed 250, the Corporation shall have 30 days to exercise its Option. The Corporation may exercise the Option for all, but not less than all, of the shares proposed to be transferred. Any transfer made in violation of these Articles of Incorporation shall be null and void, except as such violation may be waived by the Board of Directors in its sole discretion.

The determination of the number of shareholders of record shall be made in accordance with the Rule 12g5-1 under the Securities Exchange Act of 1934, as amended (or any successor law or rule) and any interpretations thereof by the U.S. Securities Exchange Commission (or any successor agency).

The Appraised Value shall be the fair market value per share as determined by an appraiser selected by the Board of Directors in its sole discretion. If within one year prior to the date the Corporation received notice of the proposed transfer the Corporation had received an appraisal for purposes of this Article Number 4, then the Board of Directors may, at its election and in its sole discretion, rely on such appraisal for the Appraised Value or may, at its election and in its sole discretion, request a more recent appraisal.

Shares of Common Stock will be represented by stock certificates that bear the following legend regarding the Option:

THIS CERTIFICATE, AND THE SHARES OF STOCK REPRESENTED HEREBY, ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN THE ARTICLES OF INCORPORATION OF THE CORPORATION, AS THE SAME MAY BE AMENDED FROM TIME TO TIME, COPIES OF WHICH MAY BE OBTAINED FROM THE CORPORATION BY THE RIGHTFUL HOLDER HEREOF. NEITHER THIS CERTIFICATE NOR ANY INTEREST REPRESENTED BY THIS CERTIFICATE MAY BE SOLD OR OTHERWISE TRANSFERRED, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH ARTICLES OF INCORPORATION.

FOURTH: Of the _____ shares outstanding, _____ of such shares were entitled to vote on such amendment.

The number of outstanding shares of any class entitled to vote thereon as a class were as follows:

| <u>Class</u> | <u>Number of Outstanding Shares</u> |
|--------------|-------------------------------------|
|--------------|-------------------------------------|

| | |
|--------------|--|
| Common Stock | |
|--------------|--|

FIFTH: The number of shares voted for and against the amendment was as follows:

| <u>Class</u> | <u>No. Voted For</u> | <u>No. Voted Against</u> |
|--------------|----------------------|--------------------------|
|--------------|----------------------|--------------------------|

| | | |
|--------------|--|--|
| Common Stock | | |
|--------------|--|--|

SIXTH: The amendment shall be effective at 11:59 p.m., central standard time, on December 31, 2008.

IN AFFIRMATION THEREOF, the Corporation has caused this Certificate of Amendment to be signed by its officer thereunto duly authorized this ____ day of December, 2008, affirming that the facts stated above are true and correct.

TOWER PROPERTIES COMPANY

By: _____
Thomas R. Willard
President and Chief Executive Officer

Opinion of Christenberry Collet



City Center Square
1100 Main Street, Suite 1800
Kansas City, Missouri 64105
816-421-0050 • Fax: 816-421-0080

December 3, 2008

Members of the Special Committee of the Board of Directors
of Tower Properties Company
Tower Properties Company
Suite 100
911 Main Street
Kansas City, MO 64105

c/o Mr. Bruce Davison
Sonnenschein Nath & Rosenthal LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111

Special Committee of the Board of Directors:

You have asked us to advise you with respect to the fairness to the Unaffiliated Shareholders, from a financial point of view, of the reverse split of Tower Properties Company ("Tower") common stock (the "Common Stock"), par value \$1.00, pursuant to the Proposed Form of Certificate of Amendment to the Articles of Incorporation (the "Amendment"). The Unaffiliated Shareholders are those shareholders who are not affiliated with the Company's directors, officers or beneficial owners of 10% or more of the outstanding common stock of the company.

Under the terms of the Amendment, each share of Common Stock will be converted into one-thirtieth of a share of Common Stock (the "Reverse Split"), and no shares will be issued to holders of fewer than 30 shares of Common Stock prior to the Amendment becoming effective and no fractional shares will be issued to any shareholders. Instead, Tower will make a cash payment for any fractional shares (the "Consideration") based upon a value of \$300.00 per share of Tower common stock held immediately prior to the Reverse Split.

In connection with our opinion, we have reviewed a draft of the Amendment, participated in discussions with members of management and representatives of Tower concerning Tower's historical and current operations, financial condition and prospects and its strategic objectives; reviewed certain internal financial and operating information that was furnished to us by Tower relating to its business; reviewed financial and operating forecasts, analyses and projections; reviewed recent outside property appraisals, broker's opinions, consulting reports related to changes in market conditions and management estimates of asset value and information prepared by officers and representatives of Tower relating to its business. We also analyzed the value of projected free cash flows of Tower, reviewed certain publicly available information with respect to certain other companies in lines of business that we believe to be comparable to those of Tower and the trading markets for such other companies' securities; reviewed certain publicly available information concerning the financial terms of recent merger and acquisition transactions of publicly traded companies that we deemed most relevant to our inquiry and considered changes in market conditions subsequent to those transactions.

In our review and analyses and in arriving at our opinion, we have assumed and relied upon the accuracy and completeness of all of the financial and other information provided to us. We have not been engaged to, and have not attempted to, independently verify any of such information and have further relied upon the assurances of management of Tower that they are not aware of any facts or circumstances that would make such information inaccurate or misleading.

With respect to the financial and operational forecasts made available to us by the management of Tower and used in our analysis, we have assumed that such financial and operational forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management as to the matters covered thereby. We have not been engaged to assess the achievability of such projections or the assumptions on which they were based and express no view as to such projections or assumptions. We have not conducted a physical inspection or appraisal of any of the assets or liabilities of the Company. However, Tower provided outside appraisals or broker's opinions on all the real estate properties with the exception of one property of de minimis value. In addition, Tower provided a consulting report which estimated the impact on value to certain of the company's properties of changes in market conditions subsequent to dates of their appraisal.

It should be noted that this opinion is based on economic and market conditions and other circumstances existing on, and information made available as of the date hereof, and does not address any matters subsequent to such date. In addition, our opinion is, in any event, limited to the fairness, as of the date hereof, from a financial point of view, of the Consideration to be paid to Unaffiliated Shareholders of Tower in connection with the Amendment and does not address the underlying business decision to effect the Amendment or any other terms of the Amendment. In addition, we are not expressing any opinion as to the prices at which Tower's common stock may trade following the date of this opinion.

We were not engaged to develop terms of the Amendment. We have been engaged by and are being compensated by you to provide you our opinion regarding the fairness, from a financial point of view, of the Consideration to be received by the Unaffiliated Shareholders of Tower as a result of the Amendment. Our fee for providing our opinion is not contingent upon adoption of the Amendment by the shareholders of Tower and is payable \$25,000 upon engagement, \$25,000 upon delivery of a preliminary valuation of Tower common stock per share, and \$62,500 upon delivery of our Opinion. We are not currently engaged by Tower or any other party related to Tower, except in relation to this opinion, and no future engagements have been discussed or contemplated.


Our opinion is rendered to the Special Committee of the Board of Directors of Tower in connection with its consideration of the Amendment and does not constitute a recommendation to any shareholder of Tower as to how such shareholder should vote in connection with the Amendment. Except as may be required by law or a court of competent jurisdiction, this letter may not be disclosed or otherwise referred to without our prior written consent in each instance, provided that we hereby consent to references to and the inclusion of this opinion in its entirety in the Proxy Statement to be distributed to the shareholders of Tower.

Tower Properties Company
December 3, 2008

Page 3

Based upon and subject to the foregoing and based upon such other matters as we consider relevant, it is our opinion that, as of the date hereof, the Consideration to be paid to the Unaffiliated Shareholders of Tower under the Amendment is fair, from a financial point of view.

Very truly yours,


Christenberry Collet & Company, Inc.

Opinion of Stern



JOHN C. KORSCHOT, CFA, ASA, CBA, CPA/ABV
(816) 471-0005
Korschot@SternBV.com

DAVID K. JONES, CFA, ASA, CBA
(816) 471-4442
DaveJones@SternBV.com

TERESA A. (TERRY) FRY, ASA, CBA
(816) 471-6427
TerryFry@SternBV.com

December 3, 2008

Mr. Thomas R. "Buzz" Willard
Tower Properties Company
911 Main Street
Kansas City, Missouri 64105

Dear Mr. Willard:

Tower Properties Company ("Tower" or the "Company") has engaged Stern Brothers Valuation Advisors ("Stern Brothers") for the purpose of rendering our opinion as to the fairness, from a financial point of view, to the remaining shareholders of Tower, of the proposed reverse stock split.

Scope of Work

In the course of our analysis for purposes of rendering our opinion, we have, among other things, done the following:

- 1) Visited with key management regarding the background, operations, financial performance and prospects of Tower.
- 2) Reviewed and considered the following information:
 - ◆ Tower's annual 10-K reports for 2002 through 2004, its audited financial statements for the year ended December 31, 2005, 2006, and 2007, Company prepared financial statements for the 9 month period ended September 30, 2007 and September 30, 2008.
 - ◆ Management prepared financial forecast.
 - ◆ Schedules of assets showing estimated fair market value of assets.
 - ◆ Outside property appraisals, broker's opinions, consulting reports related to changes in market conditions and management estimates of asset value
 - ◆ Schedules of loan balances and prepayment penalties
 - ◆ Various corporate documents and schedules including: Board Minutes, Draft Proxy Statement, and tax returns.
 - ◆ Company brochures and other information.
 - ◆ Articles of Incorporation and Bylaws.
 - ◆ Employment Agreements.
 - ◆ Stock transactions.
- 3) Reviewed and considered the following additional information:
 - ◆ Annual reports, interim reports, 10-K's, 10-Q's, and other published information of benchmark publicly traded companies.
 - ◆ Publications by Standard & Poor's and Bloomberg Financial Services; *The Value Line Investment Survey*; *Federal Reserve Bulletin*; *Morningstar Stock Reports*, *The Wall Street Journal*; *Directory of Companies Required to File Annual Reports with the Securities and Exchange Commission*; *Stocks, Bonds, Bills and Inflation 2008 Yearbook* by Morningstar, Inc.

Mr. Thomas R. "Buzz" Willard
Tower Properties Company
December 3, 2008
Page Two

- 4) Conducted such other studies, analyses, inquiries and investigations, as we deemed appropriate.

The foregoing is, of course, only a summary of the information reviewed and factors considered by us which have influenced our opinion and does not recite in detail all of such information and factors that we have taken into consideration in connection with our opinion.

Assumptions and Limiting Conditions

The Company, Board of Directors, and its representatives warranted to us that the information they supplied was complete and accurate to the best of their knowledge and that the financial statement information reflects the Company's results of operations and financial condition in accordance with generally accepted accounting principles, unless otherwise noted. We have not assumed any responsibility for independent verification of information and financial forecasts supplied by the Company, Board of Directors, and its representatives (and we express no opinion on that information). We have not obtained any independent appraisal of the assets of Tower except as provided by Tower, nor have we attempted to verify the information furnished to us by them.

We have used public information and industry and statistical data from sources, which we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information and have accepted such information without further verification.

We were not authorized to solicit, and did not solicit, interest from any party with respect to an equity investment, merger with or other business combination transaction involving the Company or any of its assets, nor did we have any discussions or negotiations with any parties, other than Tower and its representatives, in connection with the reverse stock split.

Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone but the client without the previous written consent of the client or us and, in any event, only with proper attribution.

We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the Company, unless previous arrangements have been made.

This opinion is valid only for the purpose(s) and standard of value specified herein.

This opinion assumes that the Company will continue to operate as a going concern, and that the character of the present business will remain intact.

The opinion contemplates facts and conditions existing as of the opinion date. Events and conclusions occurring after that date have not been considered, and we have no obligation to update our opinion for such events and conditions.

This opinion is subject to the understanding that the obligations of Stern Brothers Valuation Advisors in the opinion are solely corporate obligations, and no officer, director, employee, agent, shareholder or controlling person of Stern Brothers Valuation Advisors shall be

Mr. Thomas R. "Buzz" Willard
Tower Properties Company
December 3, 2008
Page Three

subjected to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of you or your affiliates.

By accepting this opinion, the Board of Directors and the Company acknowledge the terms and indemnity provisions provided in the executed engagement letter dated January 10, 2008 and the terms and conditions contained in these assumptions and limiting conditions.

Certifications

We certify that, to the best of our knowledge and belief:

The statements of fact in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions.

Neither Stern Brothers nor the individuals involved with this opinion have any present or contemplated future interest in the common stock of Tower, which might prevent the rendering of an unbiased opinion.

Our fee for this engagement is not contingent on an action or event resulting from the analyses, opinions, or conclusions, in, or the use of this report.

No one provided significant professional assistance to the persons signing this report, however Stern Brothers engaged Stephen Gooding who provided research assistance.

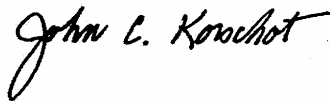
The American Society of Appraisers has a mandatory recertification program for all of its Senior members. We are in compliance with that program.

Conclusion

Based upon the foregoing, other matters we consider relevant and our general knowledge of such matters as investment bankers and financial advisors, we are of the opinion that the proposed \$300.00 per share cash consideration to be received under the proposed reverse stock split is fair, from a financial point of view, for Tower shareholders who would remain shareholders following the reverse stock split. Our opinion is based on information available to us as of December 3, 2006.

Sincerely,

STERN BROTHERS VALUATION ADVISORS



John C. Korschot, CFA, ASA, CBA, CPA/ABV
President