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**FOR IMMEDIATE RELEASE**

**Notice Regarding the Transfer of Real Estate Properties**

TOKYO, April 27, 2005 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that its Board of Directors has decided to transfer its real estate properties, which were utilized as a physical distribution base, to KOKUBU & CO., LTD.. JT previously used the properties for the group's freight transport complex, but on March 31, 2005, JT ceased its freight transport operations in Funabashi, and thus the company has now decided to transfer the now unused space.

**Summary of the Properties**

|                        |   |
|------------------------|---|
| Location:              | 9-4, Hinode 2-chome, Funabashi-shi, Chiba |
| Lot Area:              | 27,385.86m <sup>2</sup>                   |
| Floor Space:           | 37,012.22 m <sup>2</sup>                  |
| Book Value:            | 22.5 billion yen                          |
| Sale Price (expected): | 2.4 billion yen                           |

**Summary Information of KOKUBU & CO., LTD.**

|                                     |  |
|-------------------------------------|--|
| Company Name:                       | KOKUBU & CO., LTD.   |
| Headquarters Location:              | 1-1-1 Nihonbashi, Chuo-ku, Tokyo 103-8241, Japan   |
| Name of Representative:             | Kanbei Kokubu, Chairman  |
| Establishment:                      | 1712 (Shoutoku Era)  |
| Capital:                            | 3,500 million yen  |
| Annual Sales Volume:                | 1,255.3 billion yen (As of December 2004)  |
| Business Contents:                  | Wholesaling business handling liquor products, food products, related consumer goods and related materials; import/export business; manufacturing bread crumbs; real estate business (building leasing). |
| Number of Employees:                | 1,654  |
| Relationship between JT and KOKUBU: | Capital: None<br>Personnel: None   |

**Schedule of Transfer**

April 27, 2005: Board of Directors made the decision to transfer the real estate properties.

JT and KOKUBU will conclude the sales contract once the necessary formalities are completed.

October 1, 2005 (expected): Delivery of the properties will be completed.



### **Expected Impact of the Transfer**

JT is expecting to take a one-time extraordinary loss as a consequence of the sale of the properties, which is now estimated at approximately 20 billion yen. The loss would be posted in the financial results for the fiscal year ending March 31, 2006 and is expected to have a negative impact of 12 billion yen on its net income, after adjustment for deferred taxes. The impact of the sale has been figured into the forecasted amount announced today in JT's financial results release.

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*Japan Tobacco Inc. is the world's third largest international manufacturer of tobacco products. The company manufactures internationally recognized cigarette brands including Camel, Winston, Mild Seven and Salem. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.664 trillion in the fiscal year ended March 31, 2005.*

### **FORWARD-LOOKING AND CAUTIONARY STATEMENTS**

This document contains forward-looking statements about our industry, business, plans and objectives, financial condition and results of operations that are based on our current expectations, assumptions, estimates and projections. These statements discuss future expectations, identify strategies, discuss market trends, contain projections of results of operations or of our financial condition or state other forward-looking information. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from those suggested by any forward-looking statement. We assume no duty or obligation to update any forward-looking statement or to advise of any change in the assumptions and factors on which they are based.

Risks, uncertainties or other factors that could cause actual results to differ materially from those expressed in any forward-looking statement include, without limitation:

1. health concerns relating to the use of tobacco products;
2. legal or regulatory developments and changes, including, without limitation, tax increases and restrictions on the sale, marketing and usage of tobacco products, and governmental investigations and privately imposed smoking restrictions;
3. litigation in Japan and elsewhere;
4. our ability to further diversify our business beyond the tobacco industry;
5. our ability to successfully expand internationally and make investments outside of Japan;
6. competition and changing consumer preferences;
7. the impact of any acquisitions or similar transactions;
8. local and global economic conditions; and
9. fluctuations in foreign exchange rates and the costs of raw materials.