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FOR IMMEDIATE RELEASE

**JT to Transfer Stake in Frontier REIT Management
to Mitsui Fudosan**

Tokyo, February 18, 2008 --- Japan Tobacco Inc. (JT) (TSE: 2914) announced today that the company and Mitsui Fudosan Co., Ltd. (Mitsui Fudosan) (TSE: 8801), a leading real estate developer in Japan, have agreed to the transfer of JT's entire stake in Frontier REIT Management Inc., a wholly-owned subsidiary of JT managing assets for Frontier Real Estate Investment Corporation (FRI) (TSE: 8964), to Mitsui Fudosan. FRI is a real estate investment trust in Japan specializing in commercial facilities nationwide.

The agreement was reached by JT and Mitsui Fudosan with the aim of forging stronger ties between Mitsui Fudosan, which brings vast experience and expertise in the development and management of commercial facilities, and FRI, which maintains a stable revenue base, in order to further contribute to the growth of FRI¹.

The expected date of transfer of shares is scheduled for March 24, 2008.

¹ Press releases related to the agreement are also issued by Mitsui Fudosan and FRI today, February 18, 2008.

Corporate Profiles

Japan Tobacco Inc.

Business area: Manufacture and sale of tobacco, pharmaceutical and food and beverage products
Established: April 1, 1985
Headquarters: 2-1, Toranomon 2-chome, Minato-ku, Tokyo
President and CEO: Hiroshi Kimura

Mitsui Fudosan Co., Ltd.

Business area: Real estate development, property management, and leasing of commercial and office properties
Established: July 15, 1941
Headquarters: 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo
President and CEO: Hiromichi Iwasa

Frontier Real Estate Investment Corporation

Business area: Investment focusing on real estate properties and real estate-backed securities
Established: May 12, 2004
Headquarters: 17-22, Akasaka 2-chome, Minato-ku, Tokyo
Executive Director: Shunpei Nishikata

Frontier REIT Management Inc.

Business area: Asset management mainly focusing on real estate investment trusts
Established: August 26, 2003
Headquarters: 17-22, Akasaka 2-chome, Minato-ku, Tokyo
CEO and Representative Director: Shinichi Totani

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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 Winston, Camel, Mild Seven and Benson & Hedges. Since its privatization in 1985, JT has actively diversified its operations into pharmaceuticals and foods. The company's net sales were ¥4.769 trillion in the fiscal year ended March 31, 2007.