

July 21, 2022 | Myanmar

Australian Embassy spent US\$525,000+ at Myanmar military linked LOTTE Hotel since coup attempt

The Australian Embassy in Yangon has spent US\$525,473 on accommodation, food and other services at the military linked LOTTE Hotel and LOTTE Serviced Apartment since February 1, 2021.

Australia's Department of Foreign Affairs and Trade disclosed the expenses to Justice For Myanmar under the Freedom of Information Act. The Department denied a request for information regarding the lease arrangements of Australia's Myanmar Embassy and ambassador's residence.

The Australian Embassy's expenses at LOTTE Hotel and Serviced Apartment range from US\$31.50 for chocolate cream cake, to a monthly fee of US\$7,100 for a luxury lakeview apartment.

LOTTE Hotel and Serviced Apartment are built on land leased from the Office of the Quartermaster General of the Commander-in-Chief of the Myanmar Army, under a build-operate-transfer agreement. The Office of the Quartermaster General is sanctioned by the [US](#), [UK](#) and [Canada](#).

LOTTE Hotel investors pay the Office of the Quartermaster General an annual lease fee of US\$1.874 million, in addition to a one-time land use premium of US\$13.51 million, according to Myanmar Investment Commission records [released](#) by Distributed Denial of Secrets. The military will take control of the hotel and apartment complex at the end of the maximum 70-year lease, providing it with a lucrative future asset.

Australia's business at LOTTE Hotel and Serviced Apartment goes against the recommendations of the [UN Independent International Fact-Finding Mission on Myanmar](#), which recommended against all business with the Myanmar military, its conglomerates and business relationships, including real estate rental. The Fact-Finding Mission found that real estate is "a major revenue stream" of the Myanmar military.

Australia's continuing business at LOTTE Hotel also undermines a mass boycott of military businesses in response to the military's coup attempt. LOTTE Hotel is listed in the popular boycott app, [Way Way Nay](#) and businesses holding meetings at LOTTE Hotel have been [publicly criticised](#). Last month, a Hong Kong government funded networking event at LOTTE Hotel was [cancelled](#) after public criticism over the location, including from the National Unity Government of Myanmar (NUG), the legitimate government with a mandate from the 2020 election.

In a June [statement](#), NUG accused LOTTE Hotel of "knowingly aiding and abetting the atrocities of a junta that is widely held responsible for war crimes, crimes against humanity and genocide against its own people."

LOTTE Hotel's EU-sanctioned investor

The main investor behind the hotel and serviced apartment project is the South Korean corporation POSCO International, with a 69.3% stake. POSCO International is a publicly listed subsidiary of

the steel giant POSCO. LOTTE Corporation, which is also South Korean, owns 15.7% of the project. POSCO and LOTTE's investment is channelled through a Singapore company, POSCO International Global Development Pte Ltd. The remaining 15% is owned by the project's local partner, Spirit Paradise Services (formerly IGE-Sinphyushin).

Spirit Paradise Services is owned by Ne Aung, a Myanmar crony and the brother of the Commander-in-Chief of the Myanmar Navy, Moe Aung. Ne Aung's father, Aung Thaung, was a minister in the former military junta and a notorious hardliner who was sanctioned by the US in 2014 for "perpetuating violence, oppression, and corruption". Aung Thaung died in 2015.

Ne Aung's IGE conglomerate was sanctioned by the European Union in February 2022.

In its sanctions designation, the EU stated, "*IGE provided the Tatmadaw [Myanmar military] with financial support in 2017 in connection to the Rakhine 'clearance operations' and thus contributed to serious human rights violations in 2017 against the Rohingya population. IGE has also provided the Tatmadaw with indirect financial support by taking financial participations in several projects and companies linked to the Tatmadaw and its conglomerates. Therefore, it provides support to and benefits from the Tatmadaw.*"

In an apparent attempt to evade sanctions, IGE Sinphyushin was restructured and renamed Spirit Paradise Services in April. International Group of Entrepreneur Company Limited, which is the entity named in the EU sanctions designation, transferred its shares to Myanma National Energy Company Limited. IGE group's CEO, Than Win Swe, and executive director, Thazin Aung, left the IGE Sinphyushin board.

The two new sole directors of Spirit Paradise Services, Lwin Yadanar Oo and Thaw Zinn Lynn, as well as the new sole shareholder of Myanmar National Energy, Paing Zin, do not appear to be linked to any historical companies on Myanmar's company registry. It is likely that they are acting as proxies of IGE to hide the company's beneficial ownership.

Justice For Myanmar spokesperson Yadanar Maung says: "It is appalling that Australia is spending taxpayer's money at the military linked LOTTE Hotel, ignoring the recommendations of the UN Fact-Finding Mission to end business with the Myanmar military.

"LOTTE Hotel finances the Myanmar Army, paying rent to the quartermaster general's office, which buys the military's bullets and bombs used in its indiscriminate attacks against the people of Myanmar. The Australian Embassy must have known this.

"Since the military's attempted coup, the junta has murdered more than 2,000 people and arrested over 14,000, according to the Assistance Association of Political Prisoners. The junta is carrying out indiscriminate air strikes and shelling as part of a campaign of terror that has displaced an estimated 783,400 people.

"We demand Foreign Minister Penny Wong immediately end Australia's business with LOTTE Hotel and all other companies linked to the Myanmar military, which it should have done long ago. Instead of sanctioning the military's business interests, Australia is helping them profit.

"We reiterate the call of 688 Burma/Myanmar and international organisations for Penny Wong to impose targeted sanctions on the Myanmar military junta and its business interests to cut the revenue flows that fund the junta's war crimes and crimes against humanity, and call for her urgent action.

“We call on businesses, individuals, governments, UN agencies and non-governmental organisations to boycott LOTTE Hotel and all other businesses that are owned by or finance the Myanmar military.”

More information:

Read the Australian Department of Foreign Affairs and Trade disclosure of documents [here](#)

Read the Australian Department of Foreign Affairs and Trade decision letter on the information disclosure [here](#)

[Justice For Myanmar](#), a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for an end to military business and for federal democracy and a sustainable peace.

Justice For Myanmar | media@justiceformyanmar.org

<https://www.justiceformyanmar.org/> | Mirror: <https://justiceformyanmar.github.io/justiceformyanmar.org/>

<https://twitter.com/justicemyanmar> | <https://www.facebook.com/justiceformyanmar.org/>