AKINDELANO
LEGAL PRACTITIONERS

QUARTERLY INSIGHT | Q1 2026

# Before You Sign the Joint Venture Agreement

Property Development Series

*A practical guide to structuring and documenting joint ventures*

Written by: Adeola Onabanjo



Legal Knowledge

Precision, Insight, Structure

## Before You Sign the JV Agreement

A property joint venture is 18 months in. Construction is underway. The market has shifted, costs have escalated, the construction company has defaulted, and one party wants out or wants more equity. Nobody agrees on who owns what, who decides what, or what the exit is worth. The lawyers are now involved.

This is not unusual. It is, in fact, the most predictable outcome of a poorly structured joint venture and inadequate documentation. And the critical point is this: it was decided long before the first brick was laid.

Property JVs must first be structured, and then the legal documentation drafted. These two core steps suffer from different failures. The first is ironically the more overlooked, paid far less attention than it deserves, often because it precedes the formal engagement of lawyers and happens in the optimism of early negotiations. The second, which everyone agrees matters, is too often drafted to reflect the optimism of the moment rather than the discipline the moment demands.

Properly considered and drafted JV contracts must be organic and responsive. They must be built around the specific parties, their resources, their backgrounds, and the particular demands of the project. The goal is not merely a successful development. It is one achieved equitably, on terms all parties genuinely understood and agreed upon. There is no fine print substitute for fine thinking at the drafting stage.

*The agreements that cause the most damage are not the ones that say the wrong thing. They are the ones that say nothing at all about what happens when things go wrong.*

*There is no shortage of JV agreements. There is a shortage of ones drafted with the rigour the transaction actually demands. One built on the optimism of the deal rather than the discipline of the risk is not a safeguard. It is a deferred dispute.*

## Four ways poorly structured JVs collapse

The agreements that govern property JVs are often negotiated in a spirit of optimism, when parties agree on most things and assume they will agree on the rest. That assumption is the first mistake. Across property development transactions, the failures follow recognisable patterns. Four structural gaps account for most JV disputes.

*"Let's see how it goes" is not a financial strategy. Every JV must answer, in writing, who is entitled to what when things do not go as planned, because something always does. COVID? Naira devaluation? The list does not end.*

---

## AMBIGUOUS CONTRIBUTIONS

Most JVs bring together different types of value: land, capital, expertise. The problem begins when contributions are assumed rather than agreed. When the project underperforms, the absence of a documented valuation methodology becomes the most destructive gap. Disputes about contribution are disputes about entitlement. They need to be resolved before signing, not litigated after the fact.

---

## NO GOVERNANCE FOR DISAGREEMENT

No one can predict with certainty where disagreements will come from, or address every scenario in the contract documentation, although experience and knowledge can point in the right direction. A well-structured JV agreement defines: which decisions require unanimous consent, which are reserved matters, how deadlock is identified, and what mechanism breaks it. They are the governance architecture of the entire venture, shaped by current realities and, where possible, by what those realities may become.

---

*Every agreement works when everyone agrees. The test of a JV agreement is what it does when they do not.*

---

## MISSING EXIT MECHANICS

Every JV eventually ends. Practical exit provisions are not optional. They are the infrastructure of an orderly exit. Their absence ensures that when exits happen they are expensive, disruptive, and contested.

Adequate and well thought out exit provisions are the difference between an orderly exit and an expensive war.

## DEFAULT WITHOUT CONSEQUENCE

A JV agreement that does not define the consequences of default creates moral hazard. Step-in rights, dilution mechanisms, and cure periods must be defined before a default occurs.

Negotiating the consequences of a default in the middle of one is, without exception, more costly than having agreed them upfront.

## WHAT THE AGREEMENT ACTUALLY NEEDS TO RESOLVE

A JV agreement is not a formality. It is the operating manual for a relationship that will be tested by time, market conditions, and competing interests. Three things must be unambiguously resolved before signing:

1. Valuation methodology for all contributions: not a general reference to market value, but a specific, agreed, and documented methodology binding from day one.

2. A waterfall that survives a dispute: profit-sharing provisions must be stress-tested against cost overruns, delayed completion, and early exit.

3. An internal dispute resolution mechanism: before a dispute reaches arbitration or litigation, there must be a defined internal escalation process.

## WHAT SOPHISTICATED PARTIES DO DIFFERENTLY

*The best time to get legal advice on a JV is before the handshake. After it, you are not negotiating, you are defending.*

The distinction between parties who approach JV structuring well and those who do not is rarely about legal sophistication. It is about when they engage, and what they treat as negotiable.

They engage legal advisers before the commercial terms are agreed: once parties have shaken hands on a structure, it becomes politically difficult to unwind it, even when it is legally unworkable.

They take the heads of terms seriously: sophisticated parties negotiate the heads of terms with the same rigour as the final agreement, because the final agreement almost always reflects the power dynamic of the heads of terms.

They read the agreement: the best JV agreements are ones both parties have actually read, understood, and interrogated. An agreement that one party has not read is not a governing document. It is a liability.

*If you are about to enter a joint venture, or are already in one that feels misaligned, the conversation worth having is before the next milestone, not after it. The structure of a JV determines its resilience. Getting it right at the outset is significantly less expensive than correcting it under pressure.*

**Adeola Onabanjo**
Partner, Akindelano Legal Practitioners.
Lagos, Nigeria