

## Joint ventures

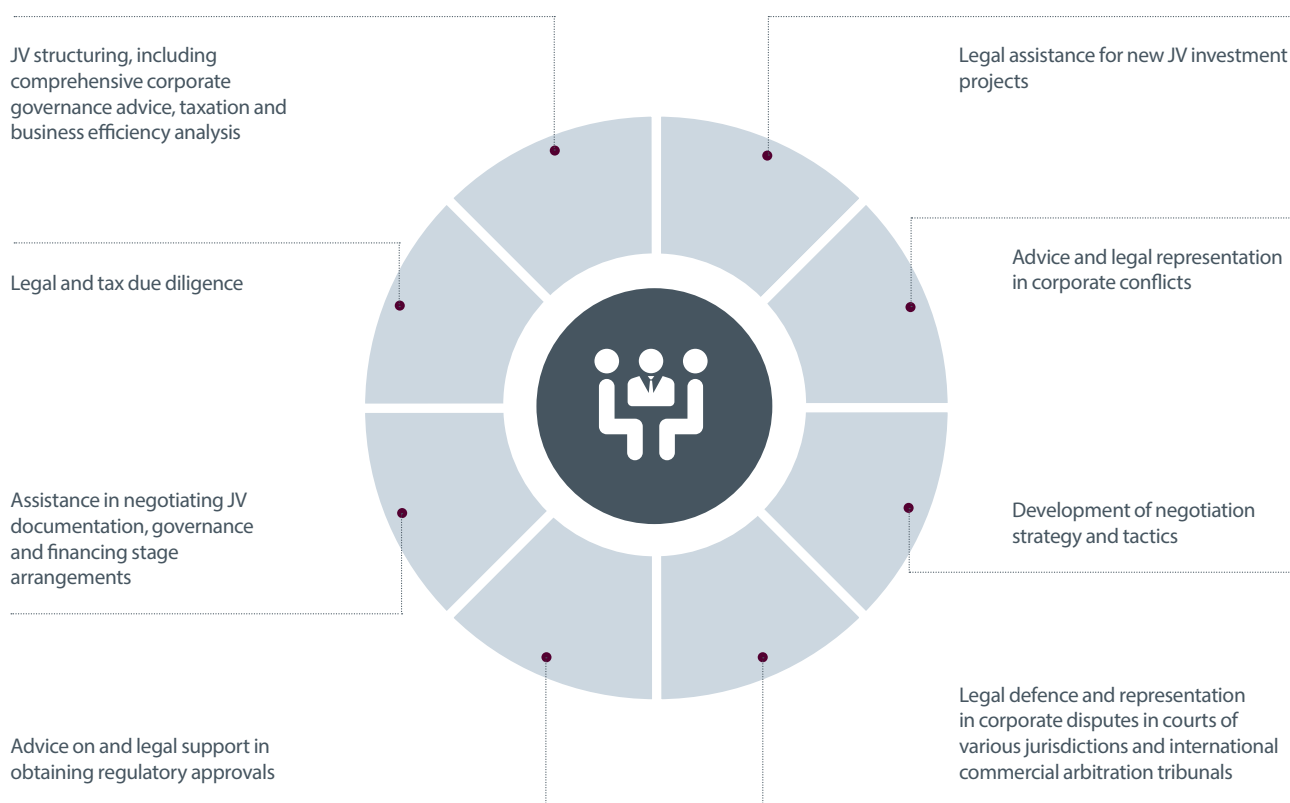
Joint ventures (JVs) are nearly always intended to be a way of overcoming the difficulties being experienced by one or more of the parties to the proposed JV - allowing the development of a project or its preservation in times of crisis. In creating a joint venture, the parties may be looking to solve a wide range of issues by obtaining, for example, external financing, access to assets which will permit improvement or expansion, management experience and/or new technologies.

In combining their resources, the JV parties may create powerful synergies, but the process may also be accompanied by a range of difficulties, in connection with agreeing the terms or the allocation of the powers and responsibilities of the JV parties. Differences between how the JV parties see their roles in the joint business, differences in opinion on the long-term strategy of the JV, significant differences in corporate cultures, breakdowns in the personal relationships between the key managers or the ultimate beneficiaries – these are the most frequent causes of conflict between JV parties.


In order to prevent conflicts from arising, or at least to minimise their consequences, JV parties are well-advised to ensure that the documents which set out the arrangements between them, in particular, the terms regarding the management and funding of the JV, are professionally drafted, and that any potential conflicts during the formation of the JV, as well as during its existence, are quickly and efficiently resolved.

Having said that, if a conflict has already arisen, a thorough preparation for the dispute can be an important factor in reaching a satisfactory resolution. The timely engagement of qualified practitioners can allow the potential consequences of the conflict for both sides of the conflict and the JV itself to be forecast, a range of positions to be prepared and the most appropriate remedies and ways of resolving the dispute to be selected.

### OUR SERVICES



## RELEVANT EXPERIENCE



### Federal Property Management Agency (Rosimuschestvo)

- Advice on the shareholders' agreement with the Republic of Bashkortostan for Bashneft joint stock company.
- Advice on the consolidation of Sheremetyevo International Airport assets, including advice on shareholders' agreement.
- Advice on the consolidation of Vnukovo Airport assets, including advice on shareholders' agreement.

### Kopy Goldfields AB (a gold exploration company)

Set up a joint venture with Vysochaishy to explore and develop a hard rock gold deposit in the Irkutsk Region (Krasny Project).

### NALCO / An Ecolab company (world's leading water treatment company)

Negotiation, structuring and set up of a JV in relation to NALCO's distribution network in Russia.

### RusHydro

- Joint venture with Voith, an Austrian industrial group, for the construction of manufacturing facilities for the production of turbines in Russia.
- Strategic alliance and joint venture with Alstom associated with the construction of production facilities in Bashkorstan to manufacture large hydro-turbines for power plants.
- Joint venture with JSC Electric power stations (Kyrgyzstan) that provides for the construction of four hydroelectric power stations in the Kyrgyz Republic.

### Kvaerner

Assisting in the corporation's business development activities in Russia, including the establishment of partnerships with Russian companies working in the Energy sector.

### New Idea Investment Group

- Advice on a JV and the consolidation of the share capital of MODIS FASHION RETAIL GROUP (one of the top 5 Russian fashion retail stores chain), including representation of the client's interests and full legal support during negotiations with three minority shareholders of the company.
- Advice on InterFactor JV setting up an international financial services group.
- Advice on a JV with OBI AG.
- Advice on a JV managing Cats&Dogs pet stores chain.

### NALCO / An Ecolab company (world's leading water treatment company)

Advice in relation to a joint venture with LUKOIL to run a chemical plant in Siberia.

### Sakhalinugol coal company

Advice on a joint venture to develop a coal deposit and port infrastructure in Russia's Far East aiming to take advantage of the Japanese market.

### Sberbank of Russia

- Advice in relation to the Sportloto Joint Venture with Russkoye Loto Group. Sportloto LLC is an official operator of state lottery organised by the Ministry for Finance of the Russian Federation.
- Advice on the acquisition of 25%+1 share in Detskiy Mir - Center, the largest children's goods retail store network in Russia (deal value is RUR3.4bn).

### ROLF Group

Advising and representing the largest Russian car dealer in relation to its merger with PELICAN AUTO.

### Shareholders of SAPE

Advice on a transaction with Millhouse and Invest AG Fund consortium acquiring about 30% of shares in Sape.ru and in the Serpzilla project (scaling Sape business model on the markets of Europe, the USA and Asia).

### North Caucasus Development Corporation (a subsidiary of Vnesheconombank – the Russian state-owned development bank)

- Advice on establishing, in conjunction with OAO Arnest Group, the National Aerosol Cluster on the territory of the national industrial park of Nevinnomyssk, Stavropol Territory, assisting in chemical industry clustering and comprehensive development.
- Advice on the Innovative Construction Technopark Kazbek development project (in partnership with OOO PKF Kazbek, the biggest construction company in the region), including the construction of a modern construction materials production complex in the Chechen Republic.
- Advice on participating in the first stage of construction of the Arkhyz All-Season Mountain Resort.

### AlfaStrakhovanie

Advice on joint venture and engaging private capital for the Medicine AlfaStrakhovanie project.

### NOVATEK (Russia's largest independent natural gas producer)

Advice and representation in a dispute with NEFTE PETROLEUM LIMITED in relation to YARGEO joint venture, the Yarudeyskoye oil field operator in the Yamalo-Nenets Autonomous Area. The project involved our legal assistance to the client at the pre-trial dispute resolution stage and representation of NOVATEK before the first instance and appeal courts, which considered the claims for NEFTE PETROLEUM LIMITED to be excluded from YARGEO LLC. Our client's claims were satisfied in full, following which, during the appeal proceedings, the parties reached an amicable agreement.

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## OUR TEAM

**Goltsblat BLP**, the Russian practice of the international law firm Berwin Leighton Paisner (BLP), provides a full range of legal services in Russia and holds numerous prestigious international legal awards.

We are among the top firms on the Russian market rendering legal support for joint venture transactions. Our Moscow Corporate / M&A Practice includes over **20** lawyers qualified in Russian and English law with extensive experience in advising and acting for clients in their joint projects with business partners. We have substantial expertise in supporting minority and majority/controlling partners, Russian and foreign clients, JV strategic initiators and their financial partners.

In our work on corporate projects and transactions related to JV establishment and management, as well as advice and representation in the event of any crisis/dispute within a joint business, we draw actively on the expertise of lawyers from our other practices, who help render all-round support to clients on any legal matters (including real estate, antitrust regulation, IP, tax and labour issues, representation in courts and arbitration tribunals, etc.). We are also backed up by specialists in sector-specific regulation: retail trade, the motor industry, energy, natural resources, telecommunications, pharmaceuticals and healthcare, transport and infrastructure.

## KEY CONTACTS



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*The team could always give clear guidance, even on very complicated issues. They provide the client with highly professional legal advice and are always in communication with the client.*

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Goltsblat BLP is the Russian practice of Berwin Leighton Paisner (BLP), an award-winning international law firm with offices in London, Moscow, Abu Dhabi, Beijing, Berlin, Brussels, Dubai, Frankfurt, Hong Kong, Paris, Singapore, Tel Aviv\* and Yangon, including more than 900 lawyers worldwide.