

PROPOSAL FOR A LONDON MINDSPORTS CENTRE

Overview

We propose to create a dedicated centre of excellence for playing and teaching Mindsports.

Although the project is being led by Chess, Bridge and Go, games including Scrabble, Backgammon, Draughts and other intellectual pursuits will also be accommodated.

By creating this inclusive centre, we will take Mindsports away from dark corners of pubs and dingy basements in backstreets and instead move them to a prestigious building. This will be attractive to participants of Mindsports and will be a venue where parents will feel comfortable to bring their children.

The proposal is capable of financial viability. If capital is raised in the manner proposed, then returns will be in the region of 3% pa.

Detail

Purchase of a Building

The building under consideration is the former Salvation Army Hall in Hammersmith. The building has a gross internal ground floor area of 2,459 sq ft. It is intended to demolish the present internal first floor and to introduce two new floors each of 2,459 sq ft. After allowing a very generous 459 sq ft for hall, stairs, landing, lift, and WCs at each level there would be three clear areas of 2,000 sq ft.

<https://images1.loopnet.com/d2/xHehVOJU9E0YO2Cx0dd3NaSptF4kKIm2v-EkVq-5UBU/document.pdf>

Realising the Mindsports Project

The building would provide ideal office space of 6,000 sq ft. Typically office rents are quoted per square foot (psf). £40 psf should be achievable for an office like this, giving an annual return of circa £240,000 or circa 6+% yield. This would value the building at over £3,600,000. The links to two nearby offices currently on the market are given below. There are many others in Hammersmith. Note that these are asking prices. The achieved rate may be slightly lower. Although currently Coronavirus has slowed the market, Hammersmith is a very sought-after location for office space, and we anticipate good demand will return.

<https://s3-eu-west-1.amazonaws.com/agents-society-assets/7ed7ddd290a4c16b2622d92278cdeee1-One%20King%20Street%20Brochure%202020.pdf>

<https://s3-eu-west-1.amazonaws.com/agents-society-assets/4f942145ff021f55310632f5e3bc11af-Sovereign%20House%20King%20Street%20361.pdf>

Proposed Use

It is proposed to lease the top floor for commercial use and to retain the ground and first floors for Mindsports, for an initial term of 5-10 years.

Costings

The guide price to purchase the building is £1,950,000. It is believed that it will sell for circa £1,750,000. SDLT (Stamp Duty Land Tax) on £1,750,000 is £77,000. Refurbishment costs are estimated at £1,800,000. This gives a combined purchase and refurbishment cost of £3,627,000 or, say, £3,700,000 to include fees and transitional refurbishment costs of circa £50,000.

It is expected that the top floor will be leased for commercial office use at £80,000 pa, and the two Mindsports floors at a combined £40,000. This would provide very close to a 3% return to investors when the building is in use. There would be no return during refurbishment.

Structure

Legal Entity

Investors would purchase shares in a new property company Newco Ltd formed solely for the purpose of owning this building. They would elect three directors from among themselves.

Newco would then lease the building to Mindsports Ltd and a commercial tenant. Apart from estate agents' one-off letting fees and solicitors' fees to draw up the leases, there would be no costs to Newco Ltd other than an annual Companies House filing fee and the cost of an accountant to prepare the trivial accounts. Business rates would be paid by the tenants. They would also pay any very modest service charges required for building management. Given the complete refurbishment planned this is unlikely to be much more than the cost of annual buildings insurance for many years to come.

Mindsports Ltd

A new company Mindsports Ltd would be established to run the Mindsports Centre.

It is expected that one director would be elected from each of the main disciplines, Chess, Bridge and Go, and possibly this might be mandated in the Articles of Association.

Mindsports Ltd would appoint a manager and staff to run the Centre just as the Young Chelsea Bridge Club does now.

Planning and Construction

Informal advice from a surveyor and planning consultant is that there is unlikely to be any difficulty with planning use or with the construction of three floors.

Taxation

Charities pay only 20% of business rates. The present community use of the building gives rise to zero business rates. Charities do not pay SDLT. VAT looms: education is VAT exempt. SITR relief (Social Investment Tax Relief) may be available on up to £1,500,000. SITR provides tax benefits to investors in the social enterprise but not the property.

This is subject to confirmation by a tax professional.

Break Clause

A five-year break clause will be included in the Mindsports Ltd lease. This will enable investors to review their track record and either continue to support them or to sell up.

Expert Advice

Before proceeding with a formal surveyor's report and taxation advice will be sought from experts.

Investors have been asked to provide £10,000 seed money for this. Bridge, Chess and Go investors have been asked to pay £3,333 each. This has all been paid. This is non-refundable and will be wasted if the purchase does not proceed, save that if less than £10,000 is expended then the unspent sum will be refunded. The £10,000 is an estimate, more may be required.

Why Hammersmith?

Location

The building is adjacent to King Street in Hammersmith and next to the Town Hall (itself the subject of redevelopment and modernisation, further improving the ambience of the "quarter").

Latymer Upper School and West London Free School, both in King Street are 300m away. Godolphin and Latymer girls' school is 300m in the other direction. St Paul's School for boys is just over Hammersmith Bridge and St Paul's Girls School is in nearby Brook Green.

Imperial College White City Campus is also a high technology hub. Hammersmith is very popular with media companies such as Disney and Fox.

Transport links

The building is well connected to the London bus and tube system. It is about half a mile from the central transport hub in Hammersmith including the District line, Piccadilly line, Hammersmith and City line and Circle line. Many buses pass along King Street just 80m away. King Street also has separate provision for cycling. There is direct or easy access to the A4/M4, the A3/M3, the North Circular road and M25. Accordingly, international access is easy too.

Accommodation

For extended competitions or education there is a plethora of accommodation options, from hotels to hostels. For example, there is a Premier Inn just 350m away.

Generating Media Interest

The potential to generate media interest is enormous. Jeremy Vine (*Eggheads*) lives in neighbouring Chiswick and Ted Loveday (ἄπαξ λεγόμενον (hapax legomenon), contestant representing Gonville and Caius in *University Challenge*) lives in the next street but one. Who would not enjoy the irony of seeing Vine (*Eggheads*), Paxman (*University Challenge*), Coren Mitchell (*Only Connect*) and Humphreys (*Mastermind*) squirm as contestants under Loveday's scrutiny? Coren Mitchell was born in Hammersmith and attended St Paul's girls' school where Sarah Bell (international bridge player) teaches. Coren Mitchell is also a keen poker player and amateur bridge player. General Knowledge Quizzes are Mindsports too.

Transitional Arrangements

Currently £2,060,000 has been raised to date. This is sufficient to bid £1,750,000 (final figure TBC) to purchase the building, to pay £77,000 SDLT, circa £50,000 temporary refurbishment costs, and fees, a total of, say, £1,900,000.

The transitional arrangements would use the building as it is currently configured with MindSports occupying the ground floor and with residential use of the first floor to provide income. MindSports Ltd would pay £30,000 pa and the residential tenants £30,000+ pa. Together these would provide a 3+% return for investors.

During the transitional period further funding would be sought. The possibility of adding an additional floor would also be investigated. The value of a penthouse apartment would be well in excess of the cost of building it. Its value might be as much as £2,000,000 and the build cost circa £800,000. These are only broadly indicative figures. The small house a few doors from the Hall is currently on the market for £950,000.

<https://www.rightmove.co.uk/property-for-sale/property-94785050.html>

After the transitional period it would be necessary to leave the building temporarily while the complete refurbishment is undertaken.

Time Estimates

Two months to refurbish in order to occupy the building as it is.

Six months to two years to investigate building an additional floor.

One to two years to refurbish the building with three floors or four floors.

We propose to allow one to two years to raise additional funding.

Updated 29 August 2020