

# Patrick Grove: Mixed feelings on \$751m iProperty sale to REA

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**Digital entrepreneur and self-proclaimed “corporate troublemaker” Patrick Grove admits to mixed feelings about agreeing to sell his stake in iProperty Group to News Corp’s REA Group.**

After being valued on last year’s *BRW* Young Rich List at \$286 million, his worth now is substantially higher.

But REA’s \$751m takeover offer was a bittersweet moment for Grove, who said he was more interested in “building great businesses” than adding to his personal fortune.

“We have a great relationship with REA and News but it was really tough to mentally even contemplate the transaction,” Grove told *The Australian*.

“For a long time it was like we were almost a single parent with this kid; I don’t want to belittle the fact that there have been many other people involved in the - business who’ve been great.

“But it was like, ‘this is our kid, we’ve taken it to here’. And all of the sudden it’s one of those ‘hey, I want to be a parent as well’ moments.”

Until this month, Grove controlled 17 per cent of iProperty through his Kuala Lumpur-based investment firm Catcha Group. He will retain a small stake in the business. The Catcha shares are worth \$128m.

“In the end, we realised that REA and News want great things for the business, and they’ve been amazing to work with through the transaction and handover,” he said.

After it took 74 failed attempts for Grove to raise funds for iProperty 10 years ago, it’s little wonder he found it difficult to let go. But the 75th meeting was a success and Grove raised \$2m for a 10 per cent stake in the business.

Although it will take Grove and his minority partner in Catcha, Luke Elliott, two more years to realise the full value of their shareholding in iProperty, the pair are already reinvesting in new opportunities.

Catcha has a portfolio of online assets including two listed on the Australian Securities Exchange: classifieds advertising business iCar, and e-commerce platform Ensogo.

Another business is iFlix, a Netflix clone available in Malaysia, The Philippines and Thailand. Grove has ambitious plans to expand into new markets, strike agreements with other subscription video on-demand players and double its content by offering more Hollywood movies, TV shows and original Asian content.

“We hope that in the next three to six months we’ll move into some other markets in the world. Our vision is to be largest premium over-the-top service in emerging markets globally. We believe that Netflix will be very focused on the developed world. Most people in the emerging world don’t have a big flat screen TV in their living room, but they have a smartphone.”

Another industry ripe for disruption is personal banking, according to Grove, who is considering making a move into peer-to-peer lending.

“We just love causing trouble. I mean that in the nicest way. If there’s a way that we can cause trouble in the corporate world by disrupting an industry, we want to do that. That’s what we love doing.

“There’s so many in the world that are up for disruption. There’s one that we’re watching closely: banking.”

But despite a pullback in the valuations of global tech firms, Grove is unfazed about the prospect of the sell-down stalling the growth of good tech businesses or the disruption of legacy players in key industries.

Shares in tech giants like Apple, LinkedIn, eBay and Amazon have all been hit in recent weeks after they posted disappointing quarterly revenues or downgraded forecasts for the year ahead.

“As an entrepreneur, one of the things I try to remind the teams and the CEOs of our portfolio companies is that we’re not in the business of playing the stockmarket, so don’t worry about it. We’re in the business of building a great disruptive business.

“As long as your metrics are growing, you have more iFlix subscribers, iProperty is growing revenue and has more developers.

“Sometimes the stockmarket gets excited and the company is worth more than we think it’s worth. Sometimes the stockmarket is schizophrenic, and the shares are worth less than you think it’s worth.”