

Backgrounder Integrity Wealth Group

Company overview

Established in 2008, Integrity Wealth Group was founded by Owen Shaw and Ryan Chernesky with the goal of creating a real estate investment company built on the pillars of honesty, transparency and investor education.

To provide a secure investment vehicle to build investor's wealth, Integrity utilizes sound investment fundamentals—not speculation. The result is a company that applies careful research to every opportunity to ensure consistent and above average returns for its investors.

Integrity's growth strategy has remained almost exclusively organic, depending on word of mouth and a stellar reputation to stimulate growth. It is their belief that there is no better salesperson, than a satisfied investor. To foster these positive relationships, Integrity is dedicated to aligning their investment strategies with the personal financial goals of their clients.

Integrity Wealth Group places an emphasis on educating investors to help build a savvy investment community that makes informed strategic decisions. The result is long term relationships that create long term wealth, anchored in solid assets.

Ongoing investor education

To simplify the financial education process, Integrity has developed the SITES system that any investor can apply to any opportunity.

SITES is five questions that should be asked before moving forward with an investment.

“What is the “**security**” of the investment?” If it's a debt investment, then the investor must research if the party receiving the investment is capable of repaying it, or possesses any hard assets (like real estate) that can recover the investment. Equity investments are secured only in the track record of the company, so investors must do their homework and have complete confidence in the company's management.

“How do “**I**” make money?” Investor income should understand where the money is coming from to provide the promised rate for return. If an easily identifiable source of income cannot be identified or proven, then don't invest.

“How do “**they**” make money?” Look for businesses that profit with their investors, not from them. High commissions to salespeople are a red flag as high-risk investments usually need to pay people more to sell it. Anything more than 8 percent should concern investors.

“What is my “**exit**” strategy?” Investors should know if they're locked in and what their sell options are. They should be comfortable with the liquidity, or lack thereof, of their investment.

“Does this opportunity pass my “**stomach**” check?” Integrity believes investors should trust their intuition. If after asking the previous four questions the opportunity doesn't feel right, it likely isn't.

Founders

Owen Shaw

Owen Shaw is a director and co-founder of Integrity Wealth Group Inc. His focus is maintaining a transparent company that places investor's needs at the forefront. Shaw believes educating

investors about the value of real estate backed debt and equity investments is a necessity for moving the industry forward.

Shaw provides the overall investment strategy for Integrity Wealth Group. He assesses new project and fund opportunities, while overseeing the company's investment strategy. He has personally completed more than 400 real estate transactions with a combined capital value in excess of \$100 million.

Prior to co-founding Integrity Wealth Group, Shaw founded and served as president of Shaw Properties Group, a boutique investment company that specialized in the acquisition of revenue producing real estate assets throughout Alberta. He oversaw the acquisition of more than 300 units into the company's portfolio with an estimated value of more than \$75 million.

Shaw is a senior member of the Real Estate Investment Network (REIN) and has received several REIN awards. Most notably he is the first REIN member to receive the coveted "Player of the Year" distinction two years in a row. Shaw is also a recipient of the highest REIN performance award, the Diamond Member Award.

Shaw is also featured in the book *51 Success Stories of Canadian Real Estate Investors* by bestselling author and real estate expert Don R. Campbell.

Shaw is an avid philanthropist who serves on numerous boards for non-profit organizations, and has been recognized by the Minister of Citizenship for contributions to his community.

Ryan Chernesky

Ryan Chernesky is a director and co-founder of Integrity Wealth Group Inc. His success in real estate investing prompted him to transition from a successful dental practice, to work full time in the real estate investment industry.

Chernesky brings academic prowess to researching economic and monetary policy trends in North America and beyond. He is responsible for overseeing the operations of the financial and compliance divisions of Integrity Wealth Group. Formerly the president of a top five per cent grossing dental practices in Calgary, he has more than 10 years of real estate investment and development experience.

Chernesky graduated from the University of Alberta in 1996 with a Bachelor of Science and Doctorate of Dental Surgery and began his practice that same year. During his dental career he was actively involved in several land development projects west of Calgary, in the community of Bearspaw. The largest of these developments is Westminster Glen, an estate series subdivision comprised of 160 acres of rolling, treed land. Today, Westminster Glen is home to some of the most exclusive estate homes in the Calgary area.

Chernesky continued to assemble and work with a group of private investors to build a substantial real estate portfolio. In 2006 he sold his dental practice to focus solely on real estate.

Chernesky is a senior member of the Real Estate Investment Network (REIN). He is the recipient of the REIN Platinum award (among many other accolades) for his performance and participation in the real estate investment community. Chernesky is also one of 51 investors featured in the book *51 Success Stories of Canadian Real Estate Investors* by bestselling author and real estate expert Don R. Campbell.

He is an active member of his community and consistently works to contribute to community groups and charitable organizations.

Investment Opportunities

Carlinton Estates

Integrity Wealth Group formed IWG Carstairs Land Corp. to secure land for a 125 acre master-planned lake community, Carlinton Estates, in the booming town of Carstairs, Alta. IWG has determined, based on fundamental real estate market indicators, that Carstairs is primed for consistent healthy growth in the next decade.

Poised next to the town's central core and Carstairs Golf Club, Carlinton Estates will be the most desirable residential and commercial development in Carstairs. The community will consist of approximately 418 single family lots, 7.56 acres of multi family development, 9.83 acres of commercial land along Highway 2A and 3.56 acres along Highway 581.

Carstairs is a mild 35-minute commute from Calgary, Alta., making it an attractive alternative to high real estate prices within city limits. With continued growth in commercial sectors in north Calgary, an additional 38,000 new jobs are expected in the next decade, making Carstairs the ideal bedroom community for the urban workforce. Coupled with the construction of Calgary's Ring Road, which will shorten the time commute to Carstairs, the town's population is expected to nearly double to 5,000 in the next five years.

Canadian Mortgage Income Fund

The Canadian Mortgage Income Fund was formed by Integrity Wealth Group to provide investors a dependable source of income that is secured with real estate assets.

The Fund invests in Western Canadian mortgages that earn returns in all market conditions. The Canadian Mortgage Income Fund is designed to deliver more consistent returns than the average stock or mutual fund.

The CMIF's management uses a conservative lending platform that invests the fund's capital into a diversified portfolio of Canadian mortgage investments. This lending platform consists of strict guidelines that are crafted to maintain a careful risk-to-reward balance and—most importantly—to ensure the preservation of fund capital.

In addition to a strict underwriting process the fund will not invest in any mortgage that exceeds 75 percent of the value of the real estate. By adhering to a conservative lending criteria the fund management ensures there is ample room for the recovery of mortgage principle, missed payments and legal costs in the event a mortgage defaults.

Hotel Investment Opportunity

With Calgary's vibrant business sector focused in the downtown core, four-star hotels are consistently fully booked at their premium rates. Hotels such as the Westin Calgary, the Hyatt Regency Calgary and the Sheraton Eau Claire are not meeting the current market demand.

Due to a shortage of suitable land, a new hotel has not been built in Calgary's downtown core since 1999 when the Hyatt Regency was completed. Integrity Wealth Group has recognized the opportunity in a real estate market that is quickly becoming saturated with new condo units to redevelop an existing property into an internationally branded hotel.

Calgary's hotel shortage is expected to worsen with 5 million square feet of new office space under construction and another 3.6 million proposed. To meet this demand, Integrity Wealth Group has chosen the Victoria Crossing area of Calgary, just south of the downtown core for their hotel development. Victoria Crossing is currently undergoing an extensive revitalization with a billion dollars in development permits currently issued. The area will soon be home to office

buildings, upscale retailers, salons and spas, The Sheldon Chumir Health Centre and high-end residential condos.

The Hotel Investment Opportunity reached a significant milestone on June 24, 2009 when the Development Authority of the City of Calgary approved the development permit to allow the renovations to begin.

Participating Mortgage Investment Bonds

Integrity Wealth Group has formed the Participating Mortgage Investment Bond (PMIB) to provide investors the secure cash flow of a debt investment with the growth potential of an equity investment.

The PMIB invests in both the debt and the equity of a finance company that provides mortgage financing to commercial borrowers. Those offering commercial mortgage financing are entitled to a percentage of the net profits of its borrowers. This share in the businesses profits is paid as a bonus in addition to the interest paid on the mortgages it underwrites. In a PMIB structure, investors benefit from both a fixed rate of return plus a share in the profits the finance company receives from its borrowers.

Because 99.9 percent of an investor's investment is in the debt (the Bonds) of the finance company, the assets of the company form the security of the investment.

An investor in the Participating Mortgage Investment Bond makes both an investment in the debt and the equity of the finance company.