

**Retail Sales Remain Strong in May**

CHICAGO (MarketWatch) -- Defying rising gasoline and utility prices and extending their April shopping spree, consumers rushed to shopping centers and malls in May, though there were signs that lower-income consumers may be starting to feel the energy squeeze.

U.S. retailers posted mostly higher May same-store sales on Thursday. That bucked the tone set by Wal-Mart Stores Inc., which said it is seeing increasing signs of consumer worry and slower store traffic

amid rising gas and utilities prices.

It even flouts what consumers themselves are saying -- and that's that they will rein in spending as they dig deeper into their pockets to fill up their gas tanks, according to a recent study by the National Retail Federation.

"They underestimate the industry," said Richard Hastings, economic adviser at Bernard Sand. "All this stuff about gasoline and inflation being the exclusive thing

to deflate the consumer was wrong from the get-go.

Sales at stores open longer than a year, an industry benchmark known as same-store sales, were 4.4% higher over last year for the nation's largest chain stores, according to Thomson First Call. Analysts had projected an average 3.8% increase.

Jennifer Waters  
MarketWatch  
June 1, 2006

**Contacts**

**Paul Nichols**

Managing Partner  
(518) 785-9000 Ext. 124  
(518) 220-9448--Fax  
pnichols@paragonprimefunding.com

**James Runko**

Director  
(518) 785-9000 Ext. 117  
(518) 220-9448--Fax  
jrunko@paragonprimefunding.com

**James J. Morris IV, MAI**

Director  
Westchester / Mid-Hudson Valley  
(845) 296-1638  
(845) 296-1639--Fax  
jmorris@paragonprimefunding.com

**Andrew Mihachik**

Loan Underwriting  
(518) 785-9000 Ext. 110  
(518) 220-9448--Fax  
amihachik@paragonprimefunding.com

**Danielle Tashlein**

Loan Administration  
(518) 785-9000 Ext. 116  
(518) 220-9448--Fax  
dtashlein@paragonprimefunding.com

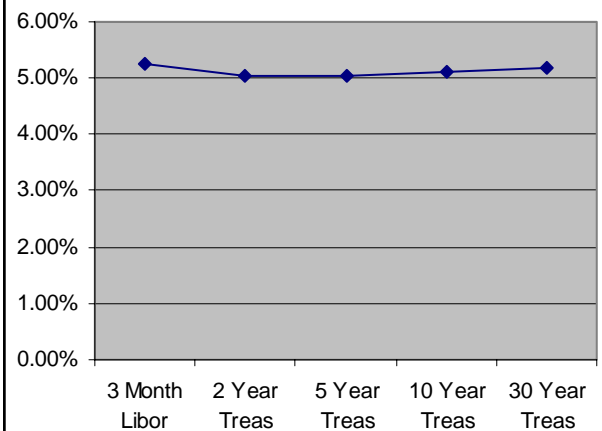
**Market Indices**

	6/1/06
Prime	8.00%
3 Month LIBOR	5.27%
5 Year Treasury	5.03%
10 Year Treasury	5.11%

**Representative Spreads \***

Project	Spread
Multi Family	95-150
Office	110-150
Industrial	110-150
Retail	100-130

June 1, 2006



**Paragon Arranges \$25,000,000 Construction-to-Permanent Loan**

Paragon Prime Funding recently arranged a \$25,000,000 construction-to-permanent loan for the development of a 163,443SF medical office building to be located in Patroon Creek Corporate Center on Washington Avenue in Albany, NY.

The facility is substantially pre-leased and is currently under construction. It is scheduled to be complete by January of 2007. Tenants in the building will include Prime Care Physicians, NY Oncology Hematology, Al-

bany ENT Services, and CDPHP.

Through an exclusive correspondent relationship with a Connecticut bank, Paragon was able to negotiate an aggressive and creative loan structure.

At time of application, the borrower was able to rate lock for the entire 10 year term of the loan. This low-fixed rate applies to both the construction and permanent financing.



Upon completion of the 1-year interest-only construction period, the loan automatically converts to permanent financing amortizing over 29 years. Upon stabilization, the loan becomes non-recourse to all members of the borrowing entity.

\* Representative spreads are indicative of class A properties with 75% loan to value on a 20 to 30 year amortization. Lower leveraged loans will result in a spread reduction.