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2022 Winter Leadership Conference

Everything Equipment: How to Value, Finance and Liquidate Types of Equipment, and Restructuring Methods

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**ABI Winter Leadership Conference
December 9, 2022**

**Everything Equipment: How to Value, Finance and Liquidate Types of
Equipment, and Restructuring Methods
Selected Materials¹**

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1

Everything Equipment: How to Value,
Finance and Liquidate Types of
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2

1



Panelists

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3



Topics of Discussion

<ul style="list-style-type: none"> • Characterization of the Asset <ul style="list-style-type: none"> • Equipment vs. Fixture • Approach to Value • Selling Equipment <ul style="list-style-type: none"> • Current Market Conditions • Marketing Considerations 	<ul style="list-style-type: none"> • Leased Equipment • Equipment Issues in Chapter 11 • Common Perfection and Priority Issues with Equipment
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4

2



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Paint Booth Conundrum: Is It Equipment or a Fixture?



5



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Case Study: In re 8760 Service Group, LLC Case No. 17-20454 (Bankr. W.D. Mo. 2018) (J. Dow)

- **Issue:** Whether a “Blast Booth” constituted a fixture or equipment.
- **Why it Mattered:** Priority dispute between two secured creditors in a two-debtor bankruptcy. One debtor owned the real estate subject to a Missouri Deed of Trust, while the other debtor owned the personal property, subject to multiple (and disputed) UCCs.
- **Test:** Proof (in some degree) of the following elements:
 - **Annexation**, i.e., physically attached to real property.
 - **Adaption**, i.e., was the item integral part of the real property or necessary for its particular use.
 - **Intent**, i.e., was it the annexor’s intent to make the item a permanent part of the real property. This is a paramount element.

6



7

The slide features a header banner with the American Bankruptcy Institute logo on the left, the text "WINTER LEADERSHIP CONFERENCE" in the center, and a circular "DECEMBER 8-10, 2022" badge on the right. To the right of the text is a photograph of a desert landscape with mountains. The main body of the slide is white with the title "The Sales Comparison Approach to Value" centered in a large, dark blue font. Below the title is a light gray rectangular box containing three bullet points.

- A procedure to conclude an opinion of value for an asset by comparing it with similar assets that have been sold or are for sale in the relevant marketplace by making adjustments to prices based on marketplace conditions and the properties' characteristics of value.
- The Sales Comparison Approach can be the most accurate valuation method for assets affected by the various forms of obsolescence - physical, economic, and functional (technological).
- In the absence of direct comparable sales, comparable sales of similar assets can be utilized as well as the opinion of dealers active in the secondary market.

8



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The Income Approach to Value

- A procedure to conclude an opinion of present value by calculating the anticipated monetary benefits (such as a stream of income) for an income-producing property.
- The Income Approach to Value works best on investment and income type properties traded for their income value.

9



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The Cost Approach to Value

- A procedure to estimate the current costs to reproduce or create a property with another of comparable use and marketability.
- The Cost Approach to Value is best utilized on properties that have inherent value to the owner, such as custom-built machinery or in such cases where market data is not readily available.
- The value derived from this method is linked to the predicted functional life of the product.

10



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How has the Market changed since the Pandemic?

11



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Equipment Marketing Considerations

<ul style="list-style-type: none">• Removal of Equipment vs. In Place Sales• Going Concern vs. Liquidation• Leased vs. Owned• Plan v. Motion• Parts vs. Whole• Public Auction vs. Private Negotiated Sales	<ul style="list-style-type: none">• Stalking Horse vs. Blind Auction• Online vs. Traditional Live Auction• "As-Is, Where-Is" vs. Reps and Warranties• Allowance of Credit Bidding• Identification of Target Markets• Identification of Different Modes of Media
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12



Bankruptcy Court Approval Process

- Approval Process: Plan or 363 Sale
- Plan Process
 - Can take Time,
 - More Variables to Consider
 - More Expensive, e.g., disclosure statement, balloting, etc.
- 363 Sale Process – Most Common
 - Recognized Process
 - Can move fast
 - Can be tailored to the assets being sold
- Be Careful of Bid Collusion: 11 U.S.C. § 363(n)
- Good Faith Protections and Appeal: 11 U.S.C. § 363(m)

13



Leased Equipment Considerations

- True Lease versus Disguised Security Interest
- Assume or Reject?
 - Timing Considerations
 - Performance of Obligations
 - Continued Use of Equipment
- If leases are assumed and assigned must
 - Cure defaults, and
 - Provide adequate assurances of future performance


14



Common Perfection and Priority Issues with Equipment

- Proper Filing Office
 - Fixtures
 - Titled Property
 - Specialty Equipment, e.g. Airplanes, Vessels, Railroad Cars
- Debtor Name Issues
- Collateral Descriptions
- Lapse Dates
- Priority: Generally, First In, Time First In Right (but not always)

15



**If you have any questions regarding this
presentation, you are welcome to contact:**

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16

IN THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF MISSOURI

In re:)
)
8760 SERVICE GROUP, LLC, and)
PELHAM PROPERTY, LLC,) Case No. 17-20454-drd-11
)
Debtors.)

MEMORANDUM OPINION

This matter is before the Court on the Order Granting Joint Motion to Establish Administrative Procedures for Determination of Validity, Priority and Extent of Liens in Sales Proceeds. For all the reasons set forth below, the Court finds that Bancorpsouth Bank (“BCS”) holds a first priority security interest in the non-office equipment and inventory of 8760 Service Group, LLC and a first priority security interest in the blast booth installed on the real property at 5105 Pelham Drive¹.

I. FACTUAL AND PROCEDURAL BACKGROUND²

Debtor 8760 Service Group, LLC (“8760”), operated a custom industrial construction and fabrication business with a business office located at 1803 W. Main Street, Sedalia, Missouri. Buck Barnes is the only member of 8760. Debtor Pelham Property, LLC (“Pelham”) was formed to own the real estate located at 5105 Pelham Drive, Sedalia, Missouri, from which debtor 8760 operated a fabrication facility. Debtor 8760 is the only member of Pelham.

¹ The Court notes that there is not a separate motion or objection before the Court on which it can enter an order. Additionally, the parties have advised the Court that they have resolved the remaining three issues that were originally raised (marshaling, subrogation and diminution in value) and that are not dealt with in this opinion and have memorialized that resolution in a written document.

² The factual and procedural background of the case has been presented to the Court in both written joint stipulations and through testimony at trial.

BCS was the Debtors' primary lender. Pelham was the primary obligor on the loan from BCS to purchase the land and build the structure on Pelham Drive. 8760 was a guarantor on the loans and made all of the loan payments. BCS holds a deed of trust on the real estate at 5105 Pelham Drive (the "Real Property"). 8760 also entered into loans with BCS to fund its operations and entered into security agreements pledging as collateral its inventory, equipment and accounts receivable. In 2014, BCS filed a UCC-1 financing statement to perfect its lien which identifies the collateral as all of 8760's accounts receivable, inventory, and equipment located at 1534 Redwood Drive, Sedalia, Missouri, which was the home of Buck Barnes. In 2015, BCS filed a UCC-3 amending the description of collateral to include "all accounts receivable, inventory, equipment, and all business assets located at 1803 W. Main Street, Sedalia, Missouri." That address was the business office of 8760 and very little of its property was ever located there.

A blast booth was installed in the building located at 5105 Pelham Drive. It was paid for and installed with funds drawn on Pelham's construction loan with BCS. However, the contract to build the blast booth and the invoices for its construction were in the name of 8760.

In 2016, Hudson Insurance Company ("Hudson") provided payment and performance bonds to debtor 8760. To secure the bond, 8760 transferred an interest in and granted liens to Hudson in substantially all of its property. In 2017, Hudson filed a UCC-1 with respect to 8760's inventory, equipment and accounts.

II. LEGAL ANALYSIS

A. Collateral Description Issue

The parties are in dispute as to the validity, priority and extent of the liens on 8760's

equipment and inventory. The principal dispute is whether BCS or Hudson holds the first-priority lien position on certain of 8760's equipment and inventory. Debtors and Hudson contend that the collateral description in BCS's financing statement referenced a specific address location which restricted the collateral to that location. While BCS filed prior to Hudson, Debtors and Hudson contend that BCS is unperfected and thus unsecured due to the limitations contained in the financing statement³.

BCS contends that the collateral description contained in the financing statement was sufficient to perfect its interest in all assets regardless of location because the collateral description was an unambiguous, blanket description with no location restriction and, that if there was any ambiguity in the collateral description it was sufficient to serve as a notice filing and trigger a duty to investigate further into the covered collateral.

BCS and debtor 8760 entered into certain promissory notes and security agreements in which 8760 granted BCS a security interest in all of its accounts and other rights to payments, inventory and equipment. In November 2014, BCS filed its initial UCC-1 financing statement listing 8760 as debtor and describing the collateral covered on page 1 as "All Accounts Receivable, Inventory and equipment, located at 1534 Redwood Drive, Sedalia, MO 65301."

In December 2015, BCS filed an amended financing statement in which the collateral was described as "All Accounts Receivable, Inventory, equipment and all business assets, located at 1803 W. Main Street, Sedalia, MO 65301." Page 2, section 14 further describes the collateral as "the above collateral, whether now owned or hereafter acquired, together with all supporting

³ The parties also dispute which party has the burden of proof on both remaining issues. The Court agrees that the burden would shift depending on the legal or factual basis on which the Court relies, but has determined that this issue is irrelevant because its analysis remains the same on each issue and it would render the same decision in any event.

obligations, proceeds, products, software, accessories and accessions, including, but not limited to the items listed....”

BCS claims that its financing statements were not seriously misleading and triggered a duty to further investigate the extent of BCS’s security interest. BCS relies on *ProGrowth Bank, Inc. v. Wells Fargo Bank, N.A.*, 558 F.3d 809 (8th Cir. 2009), an 8th Circuit case applying Missouri law, to support its position. In the *ProGrowth* case, the debtor and creditor entered into a promissory note and security agreement with two annuity contracts issued by Fidelity & Guaranty Life Insurance Company as security. The annuity contracts were identified as “L9E00015” and “L9E00016.” The creditor filed a financing statement in which it identified the collateral as “All of Debtor’s right, title and interest in and to, assets and rights of Debtor, wherever located and whether now owned or hereafter acquired or arising, and all proceeds and products in **that certain Annuity Contract No.: LE900015 issued by Lincoln Benefit Life....**” (Emphasis added). This description transposes the E and 9 in the contract number and identifies the issuer as Lincoln Benefit Life rather than Fidelity & Guaranty Life Insurance Company. An additional financing statement was filed with the same description for the other annuity contract identifying it as “**that certain Annuity Contract No.: L9E00016 issued by Lincoln Benefit Life....**” (Emphasis added). This contract number was described correctly but the issuer was incorrect.

Thereafter, the debtor obtained a loan from ProGrowth and assigned his interest in the same annuity contracts. ProGrowth filed two financing statements accurately describing the annuity contract numbers and issuer. ProGrowth then filed a lawsuit seeking a declaratory judgment that its perfected security interests in the annuity contracts were prior to and superior to any perfected security interests claimed by the defendants because the prior financing statements

were seriously misleading in transposing the contract numbers and misidentifying the issuer. The district court granted summary judgment in favor of ProGrowth and the defendants appealed.

On appeal, the 8th Circuit applied Missouri U.C.C. law to determine whether the defendants' security interests in the annuity contracts were perfected. Missouri Revised Statute § 400.9-502(a) provides, "a financing statement is sufficient only if it: (1) [p]rovides the name of the debtor; (2) [p]rovides the name of the secured party or a representative of the secured party; and (3) [i]ndicates the collateral covered by the financing statement." The relevant question there, as here, was whether the financing statement sufficiently indicated the collateral that it covered. A financing statement "sufficiently indicates the collateral that it covers if the financing statement provides: (1) a description of the collateral pursuant to section 400.9-108; or (2) an indication that the financing statement covers all assets or all personal property." Mo. Rev. Stat. § 400.9-504. The referenced section § 400.9-108 provides that a "description of personal or real property is sufficient, whether or not it is specific, if it reasonably identifies what is described." Additionally, a financing statement "substantially satisfying the requirements of this part is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading." Mo. Rev. Stat. § 400.9-506(a).

The 8th Circuit noted that the U.C.C. requirements are intended to provide those dealing with commercial activities knowledge of the status of the commodity with which they are dealing and, to that end, the financing statement serves the purpose of putting subsequent creditors on notice the property is encumbered. *ProGrowth*, 558 F.3d at 812 (quoting *First Nat. Bank of Steeleville, N.A. v. Erb Equip. Co.*, 921 S.W.2d 57, 62 (Mo. Ct. App. 1996) and *Thorp Commercial Corp. v. Northgate Indus., Inc.*, 654 F.2d 1245, 1248 (8th Cir. 1981)). Thus, the

court stated that it views the validity of a financing statement in terms of whether “it provides notice that a person *may* have a security interest in the collateral claimed.” *Id.* The U.C.C. recognizes further inquiry may be necessary and that therefore, errors or omissions in the description of the collateral do not render financing statements ineffective unless they are seriously misleading. *Id.* (citing Mo. Rev. Stat. § 400.9-506 (U.C.C. cmt. 2)).

So, what renders a financing statement’s collateral description seriously misleading? In our case, Debtors and Hudson both urge the Court to find that BCS’s description, because it includes an address, is seriously misleading. In *ProGrowth*, the court instructed that “when faced with a financing statement purporting to cover ‘all assets’ of a debtor, it is then incumbent upon the subsequent creditor to investigate whether the collateral at issue is in fact covered by a security agreement.” *Id.* at 813. The court then concluded that the financing statements satisfied the provisions of the Missouri U.C.C. because they indicated coverage over all assets thus giving an indication that all of the debtor’s assets may be covered and the inaccuracies were not seriously misleading. Additionally, and importantly, the 8th Circuit found that “[w]here a description can reasonably be interpreted in one of two ways- one of which may cover the collateral at issue and one of which does not- notice filing has served its purpose of alerting subsequent creditors to the possibility that a piece of collateral may be covered; the burden is then on the subsequent creditor to inquire further.” *ProGrowth*, 558 F.3d at 814 (citing *Thorp*, 654 F.2d at 1252-53).

Additionally, the U.C.C. does not require a perfect collateral description, only an “indication” of such coverage. *Id.* While the specific descriptions of the annuity contracts in the *ProGrowth* financing statements contained errors, they were not seriously misleading because a subsequent creditor should have reasonably understood that all assets may be covered and it was

then incumbent upon any subsequent creditors to inquire whether specific collateral was the subject of a prior security agreement. *Id.* at 15.

As noted, in December 2015, BCS filed an amended financing statement in which the collateral was described as “All Accounts Receivable, Inventory, equipment and all business assets, located at 1803 W. Main Street, Sedalia, MO 65301.” BCS contends that its collateral description could reasonably be interpreted two ways: (1) that the address restricts all described collateral OR (2) that the commas and addition of the second “all” limits the address restrictor only to the business assets.

BCS also cites the Court to several cases that deal specifically with an address restrictor in a financing statement collateral description. In *First Bank v. Eastern Livestock Co.*, 837 F.Supp. 792, 796 (S.D. Miss. 1993), the collateral was described as “all cattle which [the debtor] owned or thereafter acquired which were kept on real estate owned by Bobby Caston and located on HWY 569 in Amite County.” The question to the court was whether the description was seriously misleading to a subsequent creditor to the extent the creditor held a security interest in other cattle owned by the debtor. The court held that the description was not seriously misleading and that a reasonably prudent buyer would have been on notice that it should inquire as to the meaning of the language used in the description. Similarly, in *In re VML Co., LLC*, 2010 LEXIS 6554 (Bankr. W.D. Tenn. 2010), the collateral description in the financing statement included property located at two specific addresses but also included “all materials stored on the Property, goods, machinery, tools, equipment, furniture, supplies, raw materials, work in progress, inventory and motorized vehicles.” The issue was whether the language limited the security interest to only the collateral found at the specific locations. The *VML* court determined that the address limiting

language was not seriously misleading and triggered a duty to inquire where the financing statement covered potentially moveable assets that were “now owned or hereafter acquired.” A reasonable creditor would have notice that a prior lender had a security interest in personal property of the debtor and should then seek out the extent of the interest as memorialized in the security agreement. *Id.* The court in *In re Sterling United, Inc.*, 519 B.R. 586 (Bankr. W.D.N.Y. 2014), held the same. At the trial Hudson argued that these cases were solely decided on the location of the collateral but this isn’t accurate. As BCS pointed out, the *Sterling*, *VML*, and *Eastern Livestock* cases all relied on whether the financing statement collateral description was seriously misleading which is most relevant to the issue at hand.

Debtors and Hudson argue that BCS’s financing statement is ineffective to put a subsequent creditor on notice to inquire further because it is plain and unambiguous as to the limited scope of the covered collateral. They assert that the financing statement did not indicate “all assets or property” so BCS was required to describe the covered property. They also argue that the financing statement was seriously misleading because it failed to reasonably identify collateral covered other than that located at 1803 W. Main Street.⁴ Debtors and Hudson rely on *In re Freeman*, 33 B.R. 234 (Bankr. C.D. Cal. 1983), for the proposition that a financing statement that places an address restrictor on the covered collateral does not cover any other collateral because it fails to “reasonably identify” the collateral at another address. That court determined that the creditor did not have a security interest in property located at a subsequent address. However, as BCS points out, that case is distinguishable from the case at hand because both the

⁴ Debtors and Hudson urge the Court to look only to the financing statement amendment filed by BCS in 2015 (the third UCC filing). The Court does not disagree that a later filed UCC-1 amendment is controlling over any previously filed statements, but it is not necessary for the Court to further analyze this argument because its finding would be the same under the collateral description in either financing statement in this case.

financing statement and the security agreement contained the address restrictor. The same distinction was present in *Matter of California Pump & Mfg Co., Inc.*, 588 F.2d 717 (9th Cir. 1978). That court only construed the security agreement language and did not deal with the perfection issue. Further, it was applying and interpreting the California U.C.C. regarding collateral description.

Hudson argues that *Lankford* supports its position because that court held the secured party only had priority on the property located at the address identified in the financing statement. However, that case was more focused on the fact that the debtor had relocated its business and whether there was an “after-acquired” collateral clause in the financing statement or security agreement⁵.

The Court recognizes that these courts placed an emphasis on the address restrictor contained in the financing statement collateral description. However, the Court agrees with the reasoning of the *ProGrowth* court and finds that the cases cited by BCS are more applicable to this case than those cited by Debtors and Hudson. The collateral description in BCS’s financing statement could “reasonably be interpreted in one of two ways- one of which may cover the collateral at issue and one of which does not,” thus alerting Hudson that its collateral may already be perfected and putting the burden on Hudson to further inquire⁶. See *ProGrowth*, 558 F.3d at

⁵ Hudson and Debtors also cite to *In re Softalk Pub. Co.*, 856 F.2d 1328 (9th Cir. 1988); *In re I.A. Durbin, Inc.*, 46 B.R. 595 (Bankr. S.D. Fla. 1985); and *In re Northern Beef Packers, L.P.*, 2014 WL 948470 (Bankr. D.S.D. 2014). However, none of these cases is particularly helpful here because none deals with an address restrictor in the collateral description.

⁶ This reference to “interpretation” of the financing statement language refers to the subsequent creditor’s interpretation, not to a court’s interpretation. The Court need not employ contract or statutory interpretation principles because it is not interpreting the language per se, but determining whether the creditor should have been put on inquiry notice based on such language. The Court itself is not interpreting the actual contract language but merely looking at the language contained in the financing statement to determine if such language puts the

814. The “and” in the collateral description between “[a]ll Accounts Receivable, Inventory, equipment” *and* “all business assets, located at 1803 W. Main Street, Sedalia, MO 65301” could at least have given Hudson an indication that all assets were covered by a prior lien and cause it to inquire into the collateral description contained in the security agreement. Further, the additional collateral description on page 2 of the financing statement should also have caused Hudson to reasonably question whether the collateral was already covered by a financing statement and to have inquired further. As *ProGrowth* and its ilk concluded, when a collateral description contained in a financial statement could reasonably be interpreted to cover the collateral at issue, a reasonably prudent creditor should consider itself on notice that its collateral may have a prior lien attached and should inquire further into the extent of such prior lien. BCS points out, and the Court agrees,

Thus, BCS’s collateral description in the financing statement was not seriously misleading and was sufficient to put Hudson on notice that it should inquire into the extent of BCS’s lien. Because BCS indisputably filed prior to Hudson, it holds a first priority security interest in 8760’s non-office equipment and inventory⁷.

B. Fixture Issue

Also at issue is the validity, priority and extent of the lien on the Blast Booth. The initial question is whether the Blast Booth was owned by 8760 or Pelham. Hudson argues that the Blast

subsequent creditor on inquiry notice. Principles of statutory construction are used when a court is interpreting a statute or contract that it has determined is ambiguous. In a case such as here and *ProGrowth*, if the collateral description is determined to be ambiguous or open to multiple interpretations, the court does not proceed to interpret the language but instead finds that the subsequent creditor should have been on notice to inquire further into the collateral.

⁷ The parties have stipulated to the amount of BCS’s claims. Doc. 189 at ¶ 28.

Booth was owned by 8760 because its employees used the booth to fulfill its construction contracts and 8760 did not reimburse Pelham for the use of the booth or accrue any type of intercompany receivable. Hudson also asserts that Pelham claimed no benefit from use of the Blast Booth; that the vendor proposal to sell the booth was made to 8760; the vendor invoiced 8760 for the purchase and installation of the Blast Booth; and the draw request forms for funding the Blast Booth indicate the project owner was 8760.

Hudson argues in its brief, as discussed above, that it has a first priority security interest in 8760's equipment. It also asserts that the Blast Booth is not a fixture and is ordinary equipment subject to its claimed priority security interest in 8760's equipment pursuant to its financing statements. However, as the Court held above, the description contained in BCS's financing statement was sufficient and BCS holds the first priority security interest in 8760's equipment. Accordingly, even if the Court agreed with Hudson that 8760 was the owner of the Blast Booth and that the Blast Booth should be characterized as equipment, it would still be BCS that holds the first priority security interest in that equipment as discussed and held above.

BCS argues in its briefs that Pelham owns the Blast Booth because the booth was purchased and installed with funds drawn on Pelham's line of credit and Debtors concede that Pelham owned the booth. It also contends that the Blast Booth is a fixture under Missouri law and BCS has a senior and first priority lien pursuant to the deed of trust it holds from Pelham. Thus, if the Court were to agree with BCS's position on ownership and characterization of the Blast Booth, BCS would still hold a first priority lien as to the Blast Booth.

As discussed, although either scenario set forth by the parties leads to Court to the conclusion that BCS holds a first priority lien on the Blast Booth, the Court makes its own

findings as to the ownership and characterization of the Blast Booth.

Under Missouri law, there are several ways to determine title to goods not governed by certificates of title. A person or entity that has dominion or control over a thing has ownership of the thing. *Olin Corp. v. Dir. of Revenue*, 945 S.W.2d 442, 444 (Mo. 1997); *State v. Patchen*, 652 S.W.2d 265, 267 (Mo. Ct. App. 1983). And absent any evidence of title to an item, the party in possession of the item is the presumed owner. *Westbay v. G. D. Milligan & Son*, 89 Mo. App. 294, 297 (1901).

Proving ownership of personal property—not covered by a certificate of title—under Missouri law requires “minimal evidence.” *Renaissance Leasing, LLC v. Vermeer Mfg. Co.*, 322 S.W.3d 112, 122 (Mo. 2010). And a party may establish ownership by using “any competent evidence.” *Id.* For example, title to goods can be implied from a bill of sale. *Olson v. Penrod*, 493 S.W.2d 673, 677 (Mo. Ct. App. 1973). In the alternative, ownership can be shown by oral evidence from an employee of a corporation as a “witness with knowledge” of the corporation's ownership of a good. *Southwestern Bell Tel. Co. v. Ahrens Contracting, Inc.*, 366 S.W.3d 602, 606–07 (Mo. Ct. App. 2012). Title to goods may also be attained merely by completion of performance under contract. Mo. Rev. Stat. § 400.2-401 (2017). Lastly, title to goods is obtained by the owner of real property when the item becomes a fixture on the real property. *Marsh v. Spradling*, 537 S.W.2d 402, 405 (Mo. 1976).

In *Marsh*, cabinets were installed in home by nailing them to the walls and floors. The court noted that if the cabinets were removed, there would be torn places in the walls and holes in the floors and it would have been difficult to remove them if plumbing and wiring had been installed. Thus, the court determined that it was the annexor’s intent to make the cabinets a

permanent accession, as shown by his acts and conduct and the cabinets were fixtures. *Id.* 537 S.W.2d at 404. When that occurs, title to the property (the cabinets) passes to the owner of the real estate; accordingly, the court held that the cabinets became fixtures, that the title passed to the owner of the real estate when they were installed and that they had become real estate.

In a fixture analysis, to determine when an item “become[s] so related to particular real property that an interest in the item arises,” the Missouri Supreme Court outlined three necessary elements: (1) annexation, (2) adaption, and (3) the intent of the annexor. *Marsh*, 537 S.W.2d at 404. All three elements are required in some degree for an item to become a fixture. *Wisdom v. Rollins*, 664 S.W.2d 37, 39 (Mo. Ct. App. 1984) (holding that each element must be present to some degree no matter how slight); *Sears, Roebuck & Co. v. Seven Palms Motor Inn, Inc.*, 530 S.W.2d 695, 696-97 (Mo. 1975). Adaptation and intent are more important in determining whether an item becomes a fixture. *Herron v. Barnard*, 390 S.W.3d 901, 913 (Mo. Ct. App. 2013). But intent is of paramount importance. *Id.* at 912. Missouri law defining each of these elements is discussed below.

1. Annexation

An item is annexed when it is physically attached to the real property. *Herron*, at 912. Even if there is only a slight physical attachment the annexation element is met. *Id.* However, when an item can be detached with minimal damage the fact that it was attached does not support a finding that it became a fixture. *Freeman v. Barrs*, 237 S.W.3d 285, 289 (Mo. Ct. App. 2007).

2. Adaptation

Adaptation means that the building was “designed or built with the view of having the particular item made an integral part of the building, or if the alleged fixture was necessary for the particular use to which the premises are devoted” then the item is adapted to the building. *Herron v. Barnard*, 390 S.W.3d 901, 912 (Mo. Ct. App. 2013). In other words, the item must be “peculiarly adapted to the real property.” *Hoffman Mgmt. Corp. v. S.L.C. of N. Am., Inc.*, 800 S.W.2d 755, 764 (Mo. Ct. App. 1990). However, when an item is usable at other locations, it is not peculiarly adapted to the building. *Herron* at 912. Thus, “. . . unless there is something peculiar or unique about the item itself that requires only that particular item to be used in the space, the element of adaptation is not met.” *Herron v. Barnard*, 390 S.W.3d 901, 912 (Mo. Ct. App. 2013).

3. Intent

The intent element is of paramount importance in a fixture analysis. *Herron* at 912; *Marsh v. Spradling*, 537 S.W.2d 402, 404 (Mo. 1976). The intent element examines the intent of the annexor to make the item a permanent part of the real property. *Marsh* at 404. Intent is determined at the time of annexation. *Herron*, at 912. A court is not bound by subsequent testimony regarding the annexor’s intent, nor by the annexor’s secret or undisclosed intent. *Freeman v. Barrs*, 237 S.W.3d 285, 289 (Mo. Ct. App. 2007); *Bastas v. McCurdy*, 266 S.W.2d 49 (Mo. Ct. App. 1954). The court can look to the acts and conduct of the annexor at the time of annexation to determine the intent. *Freeman*, at 289.

As Debtors' principal testified at trial, the Blast Booth was bolted into the concrete floor of the 5105 Pelham Drive building and the building was specifically designed to incorporate the Blast Booth by installing special trenches for augers in the concrete floor. He testified that if the Blast Booth was removed the trenches would have to be covered or filled with concrete and the bolts would have to be cut off flush with the floor and driven down into the concrete floor to repair the area where the Blast Booth was located. Further, he testified that when Debtors installed the Blast Booth in the building he did not intend for the Blast Booth to ever be removed. It is clear to the Court that the Blast Booth qualifies as a fixture under Missouri law. *See e.g., Marsh*, 537 S.W.2d at 405. Thus, title to the Blast Booth is held by the owner of the real estate, which is Pelham as owner of the 5105 Pelham Drive real estate.

Further, even if the Blast Booth for some reason was not considered a fixture, the Court believes that evidence weighs in favor of Pelham being the owner of the Blast Booth. Most importantly in the Court's view, the booth was paid for with funds on Pelham's line of credit with BCS. Although there was testimony that some invoices and draw requests listed 8760 as the owner, those documents were not prepared by either of the Debtors and do not establish ownership. 8760 was the general contractor on the project which could have been the reason its name was used on project documentation but this does not prove ownership. No evidence was offered identifying who placed the name on the document or why. Absent such evidence, this fact has little weight in the analysis. The fact that 8760 used the Blast Booth and did not pay for its use is also not controlling because 8760 was the operating company and this type of situation is not unusual between closely held companies. Missouri law requires only "minimal evidence" to establish ownership and "any competent evidence" is sufficient. *See Southwestern Bell*, 366

S.W.3d at 606. Based on all of the evidence, the Court finds that Pelham is the owner of the Blast Booth and BCS holds a first-priority security interest by virtue of its deed of trust.

III. CONCLUSION

For all the reasons discussed above, the Court finds that BCS holds a first priority security interest in the non-office equipment and inventory of 8760 Service Group, LLC and a first priority security interest in the Blast Booth installed on the real property at 5105 Pelham Drive.

DATED: May 8, 2018

/s/ Dennis R. Dow

HONORABLE DENNIS R. DOW
UNITED STATES BANKRUPTCY JUDGE

SPECIAL EDITION:
Used Earthmoving &
Aerial Equipment
Highlights

rb RITCHIE BROS.
Asset Solutions

20
FIRST HALF OF
22

Market Trends Report

(North America)

July 2022

Table of contents

Summary.....	1-2
Feature: Large earthmoving, medium earthmoving and aerial equipment in North America	3-29
Rouse: Retail Used Equipment Market.....	30
Price Indexes Summary	31
Price Indexes	
▶ Truck Tractors & Vocational Trucks – U.S.	32
▶ Large & Medium Earthmoving Equipment – U.S.	33
▶ Aerial Equipment – U.S.....	34
▶ Truck Tractors & Vocational Trucks – Canada	35
▶ Large & Medium Earthmoving Equipment – Canada	36
▶ Aerial Equipment – Canada.....	37
Seller & Buyer Maps	38
About Ritchie Bros.	39

About this Research

This research includes summary information taken from Ritchie Bros. Market Trends, a premium data product that allows users like you to access 10 years of Ritchie Bros. transaction level data providing:

- ▶ **Real time insights** - See results from our most recent auctions
- ▶ **Equipment flows** - Draw insights into asset flows across state and national boundaries
- ▶ **Make-model details** - Determine residual pricing of assets at make-model level of detail for auction
- ▶ **Like-for-like comparisons** - Compare residual value for like-for-like assets

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All data and charts are from Ritchie Bros. Market Trends.
To learn more about Market Trends, visit rbassetsolutions.com

Ritchie Bros. Used Equipment Market Trends Summary (North America Edition) | July 2022

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Summary

Thank you for subscribing to the Ritchie Bros. monthly Market Trends Report! In our July 2022 edition, we take a detailed look at construction (large and medium earthmoving) and aerial equipment sold during the first half of 2022 compared to the same period in 2021 in the United States and Canada.

Low interest rates, increased infrastructure investment, and high commodity prices since the start of the pandemic have fueled the demand for equipment, resulting in record-setting prices. According to [Off-Highway Research](#), 2022 will likely become the fifth consecutive year of annual construction equipment unit sales exceeding one million units. Prior to this five-year stretch, only 2007 and 2010 exceeded one million units of construction equipment sold globally. As inflation climbs, and the pool of newer machines in the marketplace grows, pricing of used construction equipment will likely cool off.

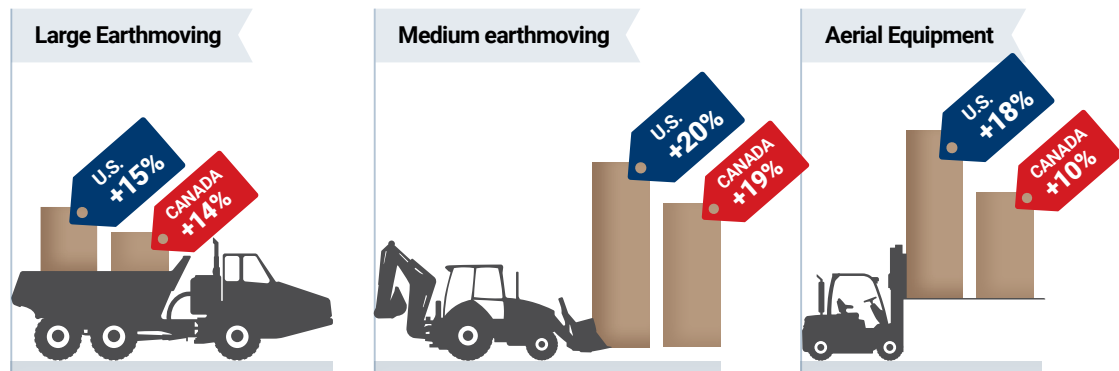
Price indexes still up over last year while receding from peak earlier this year

Our individual industry indexes show that while pricing is above last year's levels, across the board they're down by single digit percentages relative to earlier in the year.

In the United States, Ritchie Bros. mix-adjusted price indexes for the three months ending June 30, 2022 show prices for used large and medium earthmoving categories are up from the same time last year by 15% and 20% respectively. Aerial equipment is up 18%. Truck tractors still lead the way with a year-over-year price increase of 39% and vocational trucks were up 25% compared to the same time last year.

The price indexes in Canada show similar trends as experienced south of the border. Large and medium earthmoving equipment are above last year's levels at 14% and 19% respectively while aerial is up 10%. Truck prices are slightly lower than in the U.S. with truck tractors up 31% and vocational trucks up 14% over last year.

Year over year price changes for large and medium earthmoving categories and aerial equipment (Ritchie Bros. price indexes)



Summary

But what about the retail market?

As with previous reports, we have included retail commentary and charts from Rouse Services on page 30 of this report. Rouse saw retail values rise in June for most categories of equipment, although at a slower pace than in recent months.

For more definitive equipment valuations and market insights encompassing the retail and auction markets, contact Rouse Sales at info@rousesales.com.



Doug Olive, SVP, Pricing

On the Ritchie Bros. auction market...

"Our auctions and sales platforms continue to attract new and loyal buyers. Demand for low-hour, late-model equipment is strong with competitive bidding coming from multiple sectors across multiple geographies. Equipment sellers continue to benefit from the demand we're driving."



Doug Rusch,
Managing Director,
Rouse Sales

On the retail used equipment market...

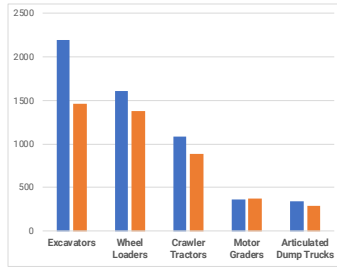
"Used equipment sales volumes continue to run behind prior year levels across all sales channels. Retail values for most categories of equipment continued to rise in June, albeit at a slower pace than we've seen in recent months. After rising 18 straight months, auction values have stabilized. In some cases – aerial, telehandlers, and medium-sized earthmoving equipment – auction values decreased slightly last month in contrast to record highs experienced in recent months."

Large earthmoving, medium earthmoving and aerial equipment

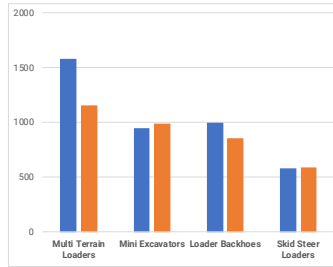
What we're seeing in the U.S.

Decreased volumes continue to be a theme for some construction equipment sold through Ritchie Bros. channels in the U.S., with the largest declines being excavators and multi terrain loaders. All aerial categories, including boom lifts, scissor lifts, forklifts, and telehandlers, also saw declines in volumes sold. Furthermore, across all categories examined for this edition, the median age of the asset categories sold in 2022 so far were older or the same age as the units sold in the first half of 2021.

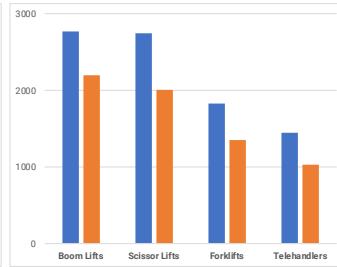
Large Earthmoving:
Units Sold in the U.S.



Medium Earthmoving:
Units Sold in the U.S.



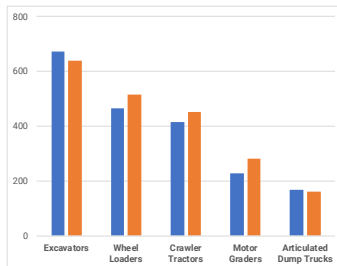
Aerial Equipment:
Units Sold in the U.S.



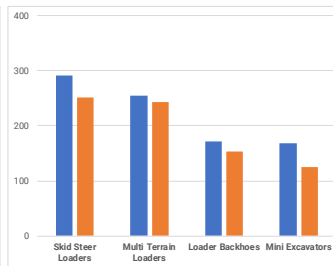
What about Canada?

In contrast to the U.S., the volume of large earthmoving equipment sold in Canada was mostly steady or on the rise in the first half of 2022 over the same time last year. The levels of medium earthmoving equipment experienced moderate declines, while aerial equipment volume declines were greater. The median age of equipment sold in Canada also differed from the U.S. For example, excavators, wheel loaders and loader backhoes were newer or the same age as those sold during the first six months of 2021.

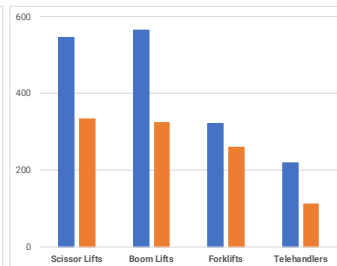
Large Earthmoving:
Units Sold in Canada



Medium Earthmoving:
Units Sold in Canada



Aerial Equipment:
Units Sold in Canada



■ 2021 ■ 2022



Excavators sold in the U.S. (H1 2022 vs. H1 2021)

The volume of excavators sold was down significantly in the first half of 2022. Excavators in Q2 2022 were older and the median price was lower than previous quarter and the first half of 2021.

	2022	2021	Change
Median Price (USD)			
Q1	\$62.5 K	\$59.0 K	6%
Q2	\$50.0 K	\$55.0 K	-9%
Volume (Units)			
Q1	860+	1,245+	-31%
Q2	595+	945+	-37%
Median Age (Years)			
Q1	9	8	1 yr older
Q2	11	9	2 yrs older
Median Usage (Hours)			
Q1	6.5 K	6.1 K	-5%
Q2	7.1 K	6.4 K	-11%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	John Deere	Komatsu	Changed
	Komatsu	John Deere	Changed
Top Makes & Models by Volume			
	Caterpillar 336FL	Caterpillar 336FL	No change
	Caterpillar 336EL	Caterpillar 336EL	No change
	Caterpillar 349FL	Caterpillar 349FL	No change
Buyer Locations			
Local (within state)	24%	21%	Up
Out-of-state	56%	54%	Up
International	20%	25%	Down

Numbers are approximate



Excavators sold in Canada (H1 2022 vs. H1 2021)

The median price of excavators sold in 2022 so far are trending above same time last year. Machines sold in H1 2022 were newer (or no change) and had fewer hours.

	2022		2021		Change
	CAD	USD	CAD	USD	
Median Price					
Q1	\$76.0 K	\$60.8 K	\$63.3 K	\$50.6 K	20%
Q2	\$73.0 K	\$56.6 K	\$64.0 K	\$52.2 K	14%
Volume (Units)					
Q1	205+		155+		32%
Q2	425+		510+		-17%
Median Age (Years)					
Q1	10		12		2 yrs newer
Q2	11		11		No change
Median Usage (Hours)					
Q1	8.5 K		9.8 K		13%
Q2	8.8 K		9.5 K		6%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	John Deere	John Deere	No change
	Caterpillar	Caterpillar	No change
	Hitachi	Hitachi	No change
Top Makes & Models by Volume			
	John Deere 350GLC	John Deere 250G	Changed
	John Deere 290GLC	John Deere 350D	Changed
	John Deere 450DLC	Hitachi ZX350LC5N	Changed
Buyer Locations			
Local (same province)	54%	50%	Up
Out-of-province	37%	34%	Up
International	9%	16%	Down

Numbers are approximate



Dozers sold in the U.S. (H1 2022 vs. H1 2021)

The volume of dozers sold was down in the first half of 2022. The median pricing in Q2 was lower than previous quarter and the first half of 2021.

	2022	2021	Change
Median Price (USD)			
Q1	\$64.5 K	\$57.5 K	12%
Q2	\$52.0 K	\$59.0 K	-12%
Volume (Units)			
Q1	480+	565+	-15%
Q2	405+	510+	-21%
Median Age (Years)			
Q1	11	9	2 yrs older
Q2	13	11	2 yrs older
Median Usage (Hours)			
Q1	6.2 K	6.5 K	5%
Q2	6.0 K	6.2 K	3%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	John Deere	John Deere	No change
	Komatsu	Komatsu	No change
Top Makes & Models by Volume			
	Caterpillar D6NLGP	Caterpillar D6T	Changed
	Caterpillar D6TLGP	Caterpillar D6N	Changed
	Caterpillar D8T	Caterpillar D8T	No change
Buyer Locations			
Local (within state)	21%	17%	Up
Out-of-state	64%	61%	Up
International	15%	22%	Down

Numbers are approximate



Dozers sold in Canada (H1 2022 vs. H1 2021)

Dozer pricing in 2022 remains above the first half of prior year.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$71.0 K	\$56.8 K	\$51.0 K	\$40.3 K	39%
Q2	\$86.0 K	\$66.5 K	\$60.0 K	\$49.5 K	43%
Volume (Units)					
Q1	105+		70+		50%
Q2	340+		340+		0%
Median Age (Years)					
Q1	15		15		No change
Q2	16		15		1 yr older
Median Usage (Hours)					
Q1	6.2 K		10.4 K		41%
Q2	8.6 K		9.4 K		9%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	John Deere	John Deere	No change
	Komatsu	Komatsu	No change
Top Makes & Models by Volume			
	Caterpillar D6TLGP	Caterpillar D6T	Changed
	Caterpillar D6NLGP	Caterpillar D6N	Changed
	Caterpillar D8T	Caterpillar D6R	Changed
Buyer Locations			
Local (same province)	57%	48%	Up
Out-of-province	31%	38%	Down
International	12%	14%	Down

Numbers are approximate



Wheel loaders sold in the U.S. (H1 2022 vs. H1 2021)

Median pricing of wheel loaders in Q2 2022 continues to be above H1 2021 levels while volumes sold are lower.

	2022	2021	Change
Median Price (USD)			
Q1	\$42.0 K	\$39.0 K	8%
Q2	\$40.0 K	\$35.5 K	13%
Volume (Units)			
Q1	680+	875+	-22%
Q2	690+	730+	-5%
Median Age (Years)			
Q1	14	10	4 yrs older
Q2	14	13	1 yr older
Median Usage (Hours)			
Q1	8.4 K	8.8 K	5%
Q2	9.0 K	9.1 K	1%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	John Deere	John Deere	No change
	Komatsu	Komatsu	No change
Top Makes & Models by Volume			
	Caterpillar 980G	John Deere 544K	Changed
	John Deere 544K	Caterpillar 950G	Changed
	Caterpillar 950K	Caterpillar 980G	Changed
Buyer Locations			
Local (within state)	23%	20%	Up
Out-of-state	58%	58%	No change
International	19%	22%	Down

Numbers are approximate



Wheel loaders sold in Canada (H1 2022 vs. H1 2021)

Q2 2022 median pricing is higher than previous quarter and H1 2021.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$42.5 K	\$33.9 K	\$47.0 K	\$36.9 K	-10%
Q2	\$54.0 K	\$42.1 K	\$42.0 K	\$33.9 K	29%
Volume (Units)					
Q1	130+		125+		4%
Q2	375+		335+		12%
Median Age (Years)					
Q1	14		15		1 yr newer
Q2	14		15		1 yr newer
Median Usage (Hours)					
Q1	8.4 K		10.7 K		21%
Q2	9.1 K		9.9 K		8%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	John Deere	Caterpillar	Changed
	Caterpillar	John Deere	Changed
	Volvo	Volvo	No change
Top Makes & Models by Volume			
	John Deere 524K	John Deere 624K	Changed
	Caterpillar 924K	Caterpillar 980H	Changed
	John Deere 624K	John Deere 644K	Changed
Buyer Locations			
Local (same province)	53%	53%	No change
Out-of-province	37%	36%	Up
International	10%	11%	Down

Numbers are approximate

Articulated dump trucks sold in the U.S. (H1 2022 vs. H1 2021)



Q1 pricing was stronger than Q2 in both 2021 and 2022.

	2022	2021	Change
Median Price (USD)			
Q1	\$85.0 K	\$92.5 K	-8%
Q2	\$67.5 K	\$51.0 K	32%
Volume (Units)			
Q1	145+	215+	-33%
Q2	140+	120+	17%
Median Age (Years)			
Q1	15	8	7 yrs older
Q2	15	14	1 yr older
Median Usage (Hours)			
Q1	9.5 K	7.1 K	-34%
Q2	11.9 K	8.7 K	-36%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	Volvo	Volvo	No change
	Terex	John Deere	Changed
Top Makes & Models by Volume			
	Caterpillar D400E	Caterpillar 745C	Changed
	Caterpillar 740B	Caterpillar 740	Changed
	Caterpillar 740	Caterpillar 745	Changed
Buyer Locations			
Local (within state)	16%	17%	Down
Out-of-state	74%	67%	Up
International	10%	16%	Down

Numbers are approximate

Articulated dump trucks sold in Canada (H1 2022 vs. H1 2021)



Q1 pricing was stronger than Q2 in both 2021 and 2022.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$99.0 K	\$78.4 K	\$110.0 K	\$86.4 K	-10%
Q2	\$83.0 K	\$64.8 K	\$75.0 K	\$61.8 K	11%
Volume (Units)					
Q1	50+		50+		0%
Q2	105+		110+		-5%
Median Age (Years)					
Q1	15		10		5 yrs older
Q2	15		15		No change
Median Usage (Hours)					
Q1	10.3 K		8.7 K		-18%
Q2	11.0 K		12.7 K		14%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Volvo	Changed
	Volvo	Caterpillar	Changed
	Komatsu	John Deere	Changed
Top Makes & Models by Volume			
	Caterpillar 730C2	Volvo A30D	Changed
	Caterpillar 740	Caterpillar 730EJ	Changed
	John Deere 400D	Caterpillar 740	Changed
Buyer Locations			
Local (same province)	53%	53%	No change
Out-of-province	37%	41%	Down
International	10%	6%	Up

Numbers are approximate



Motor graders sold in the U.S. (H1 2022 vs. H1 2021)

Q1 pricing was stronger in both 2022 and 2021.

	2022	2021	Change
Median Price (USD)			
Q1	\$85.0 K	\$92.5 K	-8%
Q2	\$67.5 K	\$51.0 K	32%
Volume (Units)			
Q1	145+	215+	-33%
Q2	140+	120+	17%
Median Age (Years)			
Q1	15	8	7 yrs older
Q2	15	14	1 yr older
Median Usage (Hours)			
Q1	9.5 K	7.1 K	-34%
Q2	11.9 K	8.7 K	-36%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	Volvo	Volvo	No change
	Terex	John Deere	Changed
Top Makes & Models by Volume			
	Caterpillar D400E	Caterpillar 745C	Changed
	Caterpillar 740B	Caterpillar 740	Changed
	Caterpillar 740	Caterpillar 745	Changed
Buyer Locations			
Local (within state)	16%	17%	Down
Out-of-state	74%	67%	Up
International	10%	16%	Down

Numbers are approximate



Motor graders sold in Canada (H1 2022 vs. H1 2021)

The units sold in Q2 2022 were significantly older than prior year.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$72.5 K	\$57.5 K	\$67.3 K	\$53.4 K	8%
Q2	\$39.0 K	\$30.0 K	\$69.0 K	\$56.9 K	-43%
Volume (Units)					
Q1	45+		30+		50%
Q2	230+		190+		21%
Median Age (Years)					
Q1	16		13		3 yrs older
Q2	20		15		5 yrs older
Median Usage (Hours)					
Q1	8.9 K		10.5 K		15%
Q2	10.7 K		10.3 K		-5%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	Champion	John Deere	Changed
	John Deere	Volvo	Changed
Top Makes & Models by Volume			
	Champion 740	Caterpillar 160H	Changed
	Champion 730A	Caterpillar 160M	Changed
	Champion 740A	Caterpillar 14H	Changed
Buyer Locations			
Local (same province)	57%	39%	Up
Out-of-province	24%	31%	Down
International	19%	30%	Down

Numbers are approximate



Loader backhoes sold in the U.S. (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 and pricing was up.

	2022	2021	Change
Median Price (USD)			
Q1	\$35.0 K	\$29.0 K	21%
Q2	\$32.0 K	\$29.0 K	10%
Volume (Units)			
Q1	440+	540+	-19%
Q2	410+	455+	-10%
Median Age (Years)			
Q1	10	8	2 yrs older
Q2	11	10	1 yr older
Median Usage (Hours)			
Q1	3.4 K	3.2 K	-9%
Q2	3.9 K	3.7 K	-4%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	John Deere	John Deere	No change
	Caterpillar	Caterpillar	No change
	Case	Case	No change
Top Makes & Models by Volume			
	John Deere 310KEP	John Deere 310KEP	No change
	John Deere 310SK	John Deere 310K	Changed
	John Deere 310K	John Deere 310J	No change
Buyer Locations			
Local (within state)	25%	26%	Down
Out-of-state	43%	43%	No change
International	32%	31%	Up

Numbers are approximate



Loader backhoes sold in Canada (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 and pricing was up.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$42.3 K	\$33.6 K	\$35.5 K	\$28.2 K	19%
Q2	\$40.0 K	\$30.8 K	\$37.0 K	\$30.5 K	8%
Volume (Units)					
Q1	50+		60+		-17%
Q2	95+		110+		-14%
Median Age (Years)					
Q1	12		14		2 yrs newer
Q2	11		14		3 yrs newer
Median Usage (Hours)					
Q1	6.1 K		4.6 K		-32%
Q2	4.6 K		6.2 K		25%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	John Deere	John Deere	No change
	Case	Case	No change
	Caterpillar	Caterpillar	No change
Top Makes & Models by Volume			
	John Deere 310SJ	John Deere 410J	Changed
	John Deere 310SK	Case 580SM	Changed
	John Deere 410J	John Deere 310SJ	Changed
Buyer Locations			
Local (same province)	52%	62%	Down
Out-of-province	25%	20%	Up
International	23%	18%	Up

Numbers are approximate

Multi terrain loaders sold in the U.S. (H1 2022 vs. H1 2021)



Volumes sold were significantly down in H1 2022 and pricing was up.

	2022	2021	Change
Median Price (USD)			
Q1	\$27.5 K	\$23.5 K	17%
Q2	\$26.0 K	\$24.5 K	6%
Volume (Units)			
Q1	615+	955+	-36%
Q2	530+	615+	-14%
Median Age (Years)			
Q1	6	5	1 yr older
Q2	6	6	No change
Median Usage (Hours)			
Q1	1.7 K	1.9 K	9%
Q2	1.7 K	1.7 K	0%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Bobcat	Bobcat	No change
	Caterpillar	Caterpillar	No change
	Takeuchi	Takeuchi	No change
Top Makes & Models by Volume			
	Bobcat T590	Caterpillar 259D	Changed
	Caterpillar 259D	Bobcat T590	Changed
	Bobcat T550	Caterpillar 289D	Changed
Buyer Locations			
Local (within state)	25%	24%	Up
Out-of-state	72%	73%	Down
International	3%	3%	No change

Numbers are approximate

Multi terrain loaders sold in Canada (H1 2022 vs. H1 2021)



Pricing was up in H1 2022 over last year same period.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$35.5 K	\$27.9 K	\$31.5 K	\$25.1 K	13%
Q2	\$40.0 K	\$30.8 K	\$31.0 K	\$25.5 K	29%
Volume (Units)					
Q1	65+		90+		-28%
Q2	175+		160+		9%
Median Age (Years)					
Q1	8		8		No change
Q2	8		8		No change
Median Usage (Hours)					
Q1	2.6 K		2.9 K		11%
Q2	3.0 K		2.8 K		-8%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Caterpillar	Caterpillar	No change
	Bobcat	Bobcat	No change
	John Deere	John Deere	No change
Top Makes & Models by Volume			
	Kubota SVL752	Caterpillar 259DLRC	Changed
	Bobcat T650	Bobcat T650	No change
	ASV RT30	Caterpillar 299D2	Changed
Buyer Locations			
Local (same province)	59%	60%	Down
Out-of-province	36%	31%	Up
International	5%	9%	Down

Numbers are approximate



Skid steer loaders sold in the U.S. (H1 2022 vs. H1 2021)

Pricing was slightly up in H1 2022 over last year same period.

	2022	2021	Change
Median Price (USD)			
Q1	\$17.0 K	\$16.0 K	6%
Q2	\$15.5 K	\$14.0 K	11%
Volume (Units)			
Q1	290+	355+	-18%
Q2	300+	220+	36%
Median Age (Years)			
Q1	10	8	2 yrs older
Q2	10	9	1 yr older
Median Usage (Hours)			
Q1	2.5 K	2.2 K	-15%
Q2	2.2 K	2.4 K	7%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Bobcat	Bobcat	No change
	Caterpillar	Caterpillar	No change
	Case	Case	No change
Top Makes & Models by Volume			
	Caterpillar 246C	Bobcat S510	Changed
	Bobcat S530	Bobcat S650	Changed
	Caterpillar 262D	Bobcat S530	Changed
Buyer Locations			
Local (within state)	32%	34%	Down
Out-of-state	59%	61%	Down
International	9%	5%	Up

Numbers are approximate



Skid steer loaders sold in Canada (H1 2022 vs. H1 2021)

Pricing was up in H1 2022 over last year same time.

	2022		2021		Change
	CAD	USD	CAD	USD	
Median Price					
Q1	\$24.5 K	\$19.3 K	\$21.0 K	\$16.6 K	17%
Q2	\$22.5 K	\$17.4 K	\$19.5 K	\$16.1 K	15%
Volume (Units)					
Q1	55+		85+		-35%
Q2	190+		200+		-5%
Median Age (Years)					
Q1	11		10		1 yr older
Q2	12		11		1 yr older
Median Usage (Hours)					
Q1	2.6 K		3.5 K		24%
Q2	2.6 K		2.3 K		-9%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Bobcat	Bobcat	No change
	Caterpillar	Case	Changed
	Case	Caterpillar	Changed
Top Makes & Models by Volume			
	Bobcat S185	Bobcat S185	No change
	Case SV300	Case 420	Changed
	John Deere 326D	Bobcat S650	Changed
Buyer Locations			
Local (same province)	59%	58%	Up
Out-of-province	28%	30%	Down
International	13%	12%	Up

Numbers are approximate



Mini excavators sold in the U.S. (H1 2022 vs. H1 2021)

Pricing and volumes sold in H1 2022 were relatively consistent to last year same period.

	2022	2021	Change
Median Price (USD)			
Q1	\$22.0 K	\$19.0 K	16%
Q2	\$20.5 K	\$21.5 K	-5%
Volume (Units)			
Q1	500+	520+	-4%
Q2	480+	420+	14%
Median Age (Years)			
Q1	7	7	No change
Q2	7	6	1 yr older
Median Usage (Hours)			
Q1	1.9 K	1.9 K	-3%
Q2	1.6 K	1.8 K	14%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Bobcat	Bobcat	No change
	John Deere	John Deere	No change
	Caterpillar	Caterpillar	No change
Top Makes & Models by Volume			
	John Deere 35G	John Deere 27D	Changed
	Agrotk YM12	John Deere 35G	Changed
	John Deere 27D	Bobcat E32	Changed
Buyer Locations			
Local (within state)	30%	24%	Up
Out-of-state	63%	70%	Down
International	7%	6%	Up

Numbers are approximate



Mini excavators sold in Canada (H1 2022 vs. H1 2021)

Pricing remains strong in H1 2022 compared to the same period last year.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$36.5 K	\$28.5 K	\$21.5 K	\$17.1 K	70%
Q2	\$28.0 K	\$21.8 K	\$23.5 K	\$19.4 K	19%
Volume (Units)					
Q1	45+		60+		-25%
Q2	75+		100+		-25%
Median Age (Years)					
Q1	10		8		2 yrs older
Q2	9		12		3 yrs newer
Median Usage (Hours)					
Q1	1.3 K		1.0 K		-23%
Q2	1.8 K		1.5 K		-21%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Bobcat	Kubota	Changed
	Kubota	John Deere	Changed
	Caterpillar	Komatsu	Changed
Top Makes & Models by Volume			
	Wolf WE18	Kubota K0083	Changed
	John Deere 35G	CAEL R325BLT	Changed
	Bobcat E35	CAEL R325	Changed
Buyer Locations			
Local (same province)	69%	68%	Up
Out-of-province	28%	31%	Down
International	3%	1%	Up

Numbers are approximate



Telehandlers sold in the U.S. (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 and pricing was up.

	2022	2021	Change
Median Price (USD)			
Q1	\$40.0 K	\$28.5 K	40%
Q2	\$41.0 K	\$32.5 K	26%
Volume (Units)			
Q1	605+	820+	-26%
Q2	420+	620+	-32%
Median Age (Years)			
Q1	9	8	1 yr older
Q2	9	8	1 yr older
Median Usage (Hours)			
Q1	3.2 K	2.9 K	-14%
Q2	3.2 K	3.1 K	-3%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	JLG	JLG	No change
	Skytrak	Genie	Changed
	Genie	JCB	Changed
Top Makes & Models by Volume			
	JLG 10054	Genie GTH5519	Changed
	JLG 8042	Skytrak 10054	Changed
	Genie GTH1056	Genie GTH1056	No change
Buyer Locations			
Local (within state)	19%	22%	Down
Out-of-state	69%	69%	No change
International	12%	9%	Up

Numbers are approximate



Telehandlers sold in Canada (H1 2022 vs. H1 2021)

Volumes sold were down and pricing was slightly up in H1 2022 over last year same period.

	2022		2021		Change
	CAD	USD	CAD	USD	
Median Price					
Q1	\$50.0 K	\$39.7 K	\$47.0 K	\$37.7 K	6%
Q2	\$41.0 K	\$32.2 K	\$40.0 K	\$33.0 K	3%
Volume (Units)					
Q1	55+		85+		-35%
Q2	55+		130+		-58%
Median Age (Years)					
Q1	14		10		4 yrs older
Q2	16		13		3 yrs older
Median Usage (Hours)					
Q1	5.8 K		5.0 K		-16%
Q2	6.1 K		5.8 K		-5%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	JLG	Caterpillar	Changed
	JCB	JCB	No change
	Caterpillar	JLG	Changed
Top Makes & Models by Volume			
	JLG G1055A	Genie GTH1056	Changed
	Skytrak 10054	JLG G1055A	Changed
	JLG G1255A	Skytrak 8042	Changed
Buyer Locations			
Local (same province)	48%	56%	Down
Out-of-province	45%	40%	Up
International	7%	4%	Up

Numbers are approximate



Boom lifts sold in the U.S. (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 and pricing was up.

	2022	2021	Change
Median Price (USD)			
Q1	\$20.0 K	\$16.5 K	21%
Q2	\$19.3 K	\$15.0 K	28%
Volume (Units)			
Q1	920+	1,165+	-21%
Q2	695+	845+	-18%
Median Age (Years)			
Q1	9	8	1 yr older
Q2	9	8	1 yr older
Median Usage (Hours)			
Q1	2.2 K	2.2 K	1%
Q2	2.3 K	2.1 K	-10%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Genie	Genie	No change
	JLG	JLG	No change
	Skyjack	Skyjack	No change
Top Makes & Models by Volume			
	Genie S65	JLG 600AJ	Changed
	JLG 600S	Genie S65	Changed
	Genie S40	JLG 800AJ	Changed
Buyer Locations			
Local (within state)	21%	21%	No change
Out-of-state	64%	64%	No change
International	15%	15%	No change

Numbers are approximate



Boom lifts sold in Canada (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 vs. same period last year.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$21.0 K	\$16.3 K	\$18.0 K	\$14.3 K	17%
Q2	\$18.5 K	\$14.6 K	\$17.8 K	\$14.6 K	4%
Volume (Units)					
Q1	135+		260+		-48%
Q2	180+		300+		-40%
Median Age (Years)					
Q1	14		13		1 yr older
Q2	14		13		1 yr older
Median Usage (Hours)					
Q1	3.0 K		3.3 K		8%
Q2	2.4 K		3.3 K		29%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Genie	Genie	No change
	JLG	JLG	No change
	Skyjack	Skyjack	No change
Top Makes & Models by Volume			
	Genie Z6034	Genie Z6034	No change
	Genie Z4525J	JLG 600AJ	Changed
	Genie Z4525	Genie Z4525	No change
Buyer Locations			
Local (same province)	71%	67%	Up
Out-of-province	23%	25%	Down
International	6%	8%	Down

Numbers are approximate



Scissor lifts sold in the U.S. (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022 and pricing was up.

	2022	2021	Change
Median Price (USD)			
Q1	\$4.4 K	\$3.1 K	42%
Q2	\$4.1 K	\$3.3 K	24%
Volume (Units)			
Q1	1,160+	1,735+	-33%
Q2	840+	1,000+	-16%
Median Age (Years)			
Q1	8	8	No change
Q2	8	8	No change
Median Usage (Hours)			
Q1	229	253	9%
Q2	222	222	0%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Skyjack	Genie	Changed
	Genie	Skyjack	Changed
	JLG	JLG	No change
Top Makes & Models by Volume			
	Skyjack SJII3219	Genie GS1930	Changed
	Genie GS1930	Skyjack SJIII3219	Changed
	JLG 1930ES	Genie GS2632	Changed
Buyer Locations			
Local (within state)	26%	26%	No change
Out-of-state	57%	60%	Down
International	17%	14%	Up

Numbers are approximate



Scissor lifts sold in Canada (H1 2022 vs. H1 2021)

Pricing was up and volumes were down in H1 2022.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$6.5 K	\$5.2 K	\$5.0 K	\$4.0 K	30%
Q2	\$5.8 K	\$4.4 K	\$4.5 K	\$3.7 K	28%
Volume (Units)					
Q1	165+		255+		-35%
Q2	160+		285+		-44%
Median Age (Years)					
Q1	10		13		3 yrs newer
Q2	14		13		1 yr older
Median Usage (Hours)					
Q1	286		288		1%
Q2	432		303		-43%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Skyjack	Skyjack	No change
	Genie	Genie	No change
	JLG	JLG	No change
Top Makes & Models by Volume			
	Skyjack SJ3219	Skyjack SJIII3219	Changed
	Skyjack SJ7127	Skyjack SJIII3220	Changed
	Genie GS1930	Skyjack SJ3226	Changed
Buyer Locations			
Local (same province)	66%	71%	Down
Out-of-province	23%	26%	Down
International	11%	3%	Up

Numbers are approximate



Forklifts sold in the U.S. (H1 2022 vs. H1 2021)

Volumes sold were down in H1 2022. Also, machines were significantly older.

	2022	2021	Change
Median Price (USD)			
Q1	\$7.8 K	\$7.3 K	7%
Q2	\$7.0 K	\$5.3 K	32%
Volume (Units)			
Q1	665+	980+	-32%
Q2	680+	840+	-19%
Median Age (Years)			
Q1	11	6	5 yrs older
Q2	11	5	6 yrs older
Median Usage (Hours)			
Q1	3.6 K	3.4 K	-4%
Q2	4.1 K	3.3 K	-23%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Toyota	Toyota	No change
	Hyster	Caterpillar	Changed
	Caterpillar	Hyster	Changed
Top Makes & Models by Volume			
	Toyota 8FGCU20	Toyota 7FGCU25	Changed
	Toyota 8FGU25	Toyota 8FGCU25	Changed
	Toyota 7FGCU25	Komatsu FG25T16	Changed
Buyer Locations			
Local (within state)	31%	33%	Down
Out-of-state	61%	53%	Up
International	8%	14%	Down

Numbers are approximate



Forklifts sold in Canada (H1 2022 vs. H1 2021)

Pricing was up and volumes were down in H1 2022.

	2022		2021		Change
Median Price	CAD	USD	CAD	USD	
Q1	\$9.5 K	\$7.4 K	\$7.3 K	\$5.8 K	31%
Q2	\$7.5 K	\$5.8 K	\$6.8 K	\$5.6 K	11%
Volume (Units)					
Q1	95+		140+		-32%
Q2	155+		175+		-11%
Median Age (Years)					
Q1	14		14		No change
Q2	16		13		3 yrs older
Median Usage (Hours)					
Q1	2.7 K		4.9 K		46%
Q2	5.4 K		4.0 K		-36%

Top Selling Brands by Volume	Jan - Jun 2022	Jan - Jun 2021	
	Hyster	Toyota	Changed
	Toyota	Hyster	Changed
	Caterpillar	Caterpillar	No change
Top Makes & Models by Volume			
	Toyota 8FDU30	Toyota 8FGU30	No change
	Toyota 8FGU25	Hyster H50XM	Changed
	Hyster H80XL	Toyota 7FGU25	Changed
Buyer Locations			
Local (same province)	70%	66%	Up
Out-of-province	21%	26%	Down
International	9%	8%	Up

Numbers are approximate

Retail Used Equipment Market

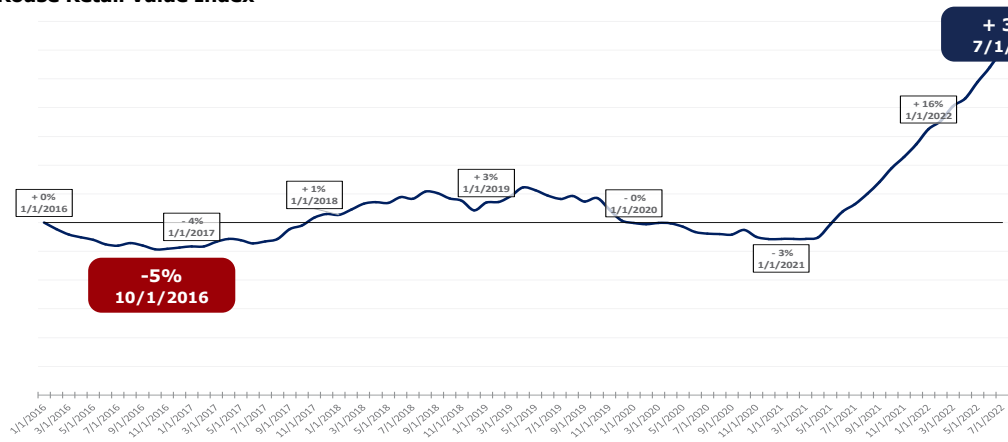


Rouse continues to see used sales volumes run behind prior year levels across all channels of sale.

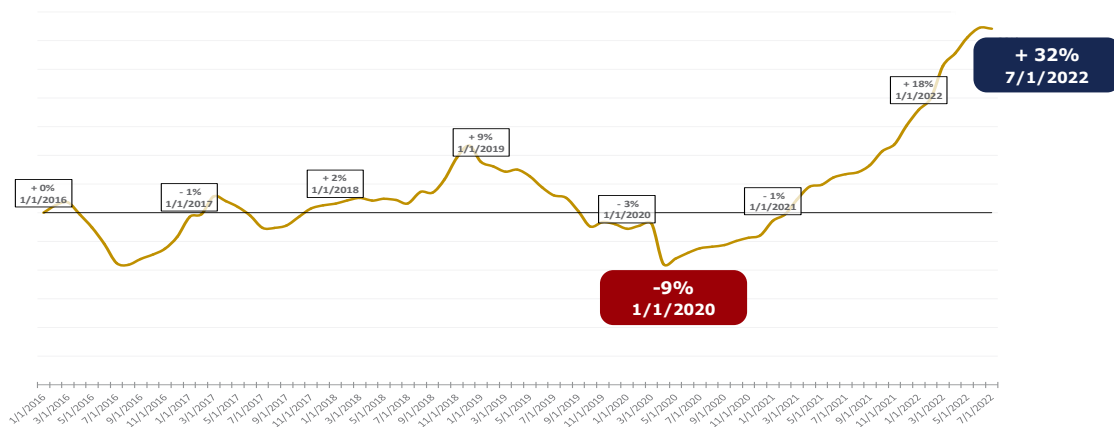
Retail values for most categories of equipment continued to rise in June, albeit at a slower pace than we've seen in recent months.

Auction values have stabilized after rising for 18 straight months. In some cases (including aerial, telehandlers, and medium-sized earthmoving equipment) auction values decreased slightly last month vs. the record highs of recent months.

Rouse Retail Value Index



Rouse Auction Value Index



Ritchie Bros. Mixed Adjusted Price Indexes

Ritchie Bros. Mix Adjusted Price Indexes Used Commercial Assets - Pricing Highlights Price change (±1.5%) year-over-year for the 3 months ending June 30, 2022						
Categories	USA			Canada		
Large Earthmoving	▲	Increased ~	15%	▲	Increased ~	14%
Medium Earthmoving	▲	Increased ~	20%	▲	Increased ~	19%
Aerial	▲	Increased ~	18%	▲	Increased ~	10%
Truck Tractors	▲	Increased ~	39%	▲	Increased ~	31%
Vocational Trucks	▲	Increased ~	25%	▲	Increased ~	14%

Source: Ritchie Bros. transactional data.

There is still ongoing price inflation in U.S. and in Canada. In both countries the highest inflation remains in transportation (in U.S.: 40%, in Canada: 32%) and in truck tractors (in US: 39%, in Canada: 31%).

In U.S. we see the price inflation rate slowing down for almost all categories, except dozers, where inflation rate remains at 14%. The biggest decrease in the inflation rates this month we see in forklifts (this month: 29%; last month: 43%) and aerial (this month: 18%; last month: 26%).

In Canada we also see the price inflation rate slowing down for all categories, except agriculture tractors (this month: 28%; last month: 23%), and large earthmoving (this month: 14%, last month: 13%). The biggest slowdown in the inflation rates we see in vocational trucks (this month: 14%; last month: 19%), transportation (this month: 32%, last month: 35%), and truck tractors (this month: 31%, last month: 34%).

Medium earthmoving equipment continues to show higher inflation compared to large earthmoving in the U.S. The delta between the two is 5 percentage points.