This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).

STATE OF MINNESOTA
IN COURT OF APPEALS
A25-1369

City Market & Halal Meat, Inc.,
Appellant,

vs.

M&S Properties, LLC,
Respondent.

Filed April 20, 2026
Affirmed
Bentley, Judge

Hennepin County District Court
File No. 27-CV-24-1595

Daniel L. M. Kennedy, Kennedy & Cain PLLC, Minneapolis, Minnesota (for appellant)

Matthew S. Greenstein, Matthew D. Swanson, Greenstein Sellers PLLC, Minneapolis, Minnesota (for respondent)

Considered and decided by Frisch, Chief Judge; Bentley, Judge; and Smith, John, Judge.[*]

NONPRECEDENTIAL OPINION

BENTLEY, Judge

Appellant-lessee seeks review of an award of damages following the district court's entry of default judgment against the respondent-lessor. The district court awarded

[*] Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to Minn. Const. art. VI, § 10.

appellant $38,359 for lost profits stemming from respondent's breach of its lease agreement with appellant, plus attorney fees and costs totaling $28,162. Appellant now argues that the district court's award was inadequate and the court abused its discretion because it discredited appellant's evidence of lost profits and inaccurately calculated the award. We affirm.

FACTS

In 2006, appellant City Market & Halal Meat, Inc., entered into a lease with a predecessor-in-interest to respondent M&S Properties, LLC, for a commercial property in Minneapolis to operate a grocery store. M&S became the lessor in 2016. The lease was amended several times during City Market's tenancy. The second amendment added several terms to the lease, including designating four parking spaces in the building's lot "for 30 minute parking and for City Market customer parking only"; granting City Market and its customers "the right to have access via hallway to and use of the rest rooms"; and prohibiting M&S from leasing the eastern portion of the building to "a dollar store or any use that includes the sale of food."

City Market filed a complaint against M&S on October 19, 2023, asserting claims for breach of contract and injunctive relief. City Market alleged that M&S violated the lease in six ways: (1) M&S leased a portion of the building to a food vendor; (2) M&S consistently used City Market's designated parking spots and removed signage indicating those spots were for City Market's use; (3) M&S sealed the doorway from City Market's space into the building's common areas, preventing employees or customers from using the property's restrooms; (4) M&S rewired the property to draw electricity from City

Market's meter; (5) M&S disconnected the wiring to City Market's security camera above the front door of the store; and (6) M&S defaced City Market's property.

In its answer, M&S asserted two counterclaims against City Market for breach of contract and declaratory relief, alleging that City Market defaulted on the lease terms by failing to pay rent and utilities and neglecting to maintain the property. M&S asked the district court to declare that the lease was terminated and that M&S was entitled to possession of the property, and to award M&S damages and attorney fees and costs.

Following discovery, City Market moved for partial summary judgment on its breach-of-lease and injunction claims, reserving the issue of damages for trial. M&S moved for summary judgment on both of its counterclaims and on City Market's claims. The district court granted partial summary judgment to City Market on its claim that M&S breached the lease by renting space to another food vendor. It also granted summary judgment to M&S on both of its counterclaims, declared that City Market breached the lease by failing to pay rent, and declared that M&S was entitled to possession of the property and a judgment for unpaid rent. The court granted summary judgment to M&S on City Market's injunctive relief claim because City Market was no longer in possession of the property. The remaining claims to be decided at trial were City Market's bathroom access and parking spot breach-of-lease claims, as well as damages and attorney fees.

In March 2025, the district court held a pretrial conference at which M&S failed to appear. City Market moved for a default judgment. It also asked that the court order M&S to pay City Market's damages. City Market argued that, because of M&S's breaches of the lease, City Market suffered lost profits amounting to $1,868,692. City Market estimated its lost profits based on a comparison of its net profits from the year before M&S breached the lease with its profits after the breach. City Market stated that M&S began interfering with City Market's parking in 2021 and that its profits began to fall at that point. City Market therefore used the 2020 net profit of $486,373 as a baseline and calculated lost profits each year after that to reach its total loss. According to City Market, it earned profits of $141,088 in 2021 and then lost money in each of the next three years: $8,643 in 2022, $30,556 in 2023, and $25,089 in 2024.

City Market offered the following evidence in support of its damages claim: its tax returns from 2020 to 2024, and an affidavit from Z.F., City Market's president. Z.F. stated that City Market lost customers to competitor halal markets because customers could no longer park close to the store for free or use the bathroom in the building. She also stated that City Market's employees had to close the store throughout the day to use a bathroom at a nearby business, making City Market's hours irregular and unpredictable. Based on these issues, Z.F. conclusively stated:

> City Market's decline in profitability is due solely to the actions of M&S. There is no other factor that would explain the losses caused when customers could not park when they arrived at the store and could not be sure the market would be open if they came to shop.

The district court granted default judgment to City Market for breach of contract liability, but it declined to calculate City Market's damages based on its 2020 net profits. The court said that it "does not find credible [Z.F.'s] statement that [M&S's] actions are the sole reason for the loss in profits," and there was "no evidence" that the $486,373 earned by City Market in 2020 "had ever been earned before or would obviously be earned again without [M&S's] intervention." The district court instead calculated City Market's damages from the breach of the lease using "the median of the profits earned throughout the period in the record, which is a loss of $8,643" as the baseline. The court calculated the difference between that amount and the two years when City Market made less in profits, totaling $38,359 in damages, plus $28,162 in attorney fees and costs.

City Market appeals.

DECISION

Appellate courts review a damages award for an abuse of discretion, which occurs when the district court's decision is unsupported by the evidence, misapplies the law, or is "against logic and the facts on record." *Bender v. Bernhard*, 971 N.W.2d 257, 262 (Minn. 2022) (quotation omitted). We review the factual findings supporting the award for clear error. *Holiday Recreational Indus., Inc. v. Manheim Servs. Corp.*, 599 N.W.2d 179, 183 (Minn. App. 1999). A finding of fact is clearly erroneous when it is "manifestly contrary to the weight of the evidence or not reasonably supported by the evidence as a whole." *In re Civ. Commitment of Kenney*, 963 N.W.2d 214, 221 (Minn. 2021) (quotation omitted). We generally "will not disturb a damage award unless the failure to do so would be shocking or would result in plain injustice." *Dunn v. Nat'l Beverage Corp.*, 745 N.W.2d 549, 555 (Minn. 2008) (quotation omitted). And we must affirm a damages award that is "within the mathematical limitations established by the various witnesses and is otherwise reasonably supported by the evidence as a whole." *Carroll v. Pratt*, 76 N.W.2d 693, 697 (Minn. 1956).

City Market argues that the district court abused its discretion in determining lost profit damages because it used City Market's median profits as the baseline rather than the 2020 profits. City Market also argues that the district court made an erroneous credibility determination in its order. We first explain the law governing awards for lost profit damages before addressing each argument.

Lost profits are a form of compensatory damages. *See Poppler v. Wright Hennepin Coop. Elec. Ass'n*, 834 N.W.2d 527, 546 (Minn. App. 2013) (stating that "compensatory damages are synonymous with actual damages" and actual damages for businesses "generally are in the form of lost profits"), *aff'd on other grounds*, 845 N.W.2d 168 (Minn. 2014). A party may recover lost profits only if it shows that (1) the losses were a "direct result" of the other party's actions and (2) "the amount of the reduction of profits may be ascertained with reasonable certainty." *Faust v. Parrott*, 270 N.W.2d 117, 121 (Minn. 1978). The party seeking damages has the burden to prove them "to a reasonable probability," but "mathematical precision" is not required. *Lagoon Partners, LLC v. Silver Cinemas Acquisition Co.*, 999 N.W.2d 113, 121 (Minn. App. 2023) (quotation omitted), *rev. denied* (Minn. Mar. 19, 2024); *see also Cardinal Consulting Co. v. Circo Resorts, Inc.*, 297 N.W.2d 260, 266-67 (Minn. 1980) (stating that "speculative, remote, or conjectural damages are not recoverable"). District courts "need not adopt the exact figures of any witness in determining . . . damages." *Carroll*, 76 N.W.2d at 697. "Once the fact of loss has been shown, the difficulty of proving its amount will not preclude recovery so long as there is proof of a reasonable basis upon which to approximate the amount." *Leoni v. Bemis Co.*, 255 N.W.2d 824, 826 (Minn. 1977).

I

City Market challenges the district court's calculation of damages in two respects. First, City Market challenges the district court's rejection of the 2020 profits as the appropriate baseline from which to calculate lost profits. Second, City Market argues that the district court's calculation using the median profit amount from 2020 to 2024 was contrary to logic and the record. We disagree with both assertions.

City Market's Calculation Based on 2020 Profits

We begin by considering whether the district court abused its discretion by departing from City Market's proposed lost profits calculations based on its 2020 profits. The district court declined to use City Market's 2020 net profits of $486,373 as a baseline from which to calculate City Market's lost profits because "there is no evidence that the $486,373 had ever been earned before or would obviously be earned again."

We are persuaded that the record supports this determination. Looking at the evidence Z.F. provided to prove City Market's lost profits, the 2020 profits were far higher than the profits reported in 2021 through 2024. But the record also includes City Market's tax returns from 2018 and 2019, and those returns indicate that the profits earned in 2020 were an anomaly. City Market reported its taxable income was $52,436 in 2018 and $1,674 in 2019. The district court did not expressly rely on the 2018 and 2019 tax records in its damages award order, but they nevertheless provide support for the district court's determination. In other words, there is no evidence in the record of a year before or after M&S's breach where City Market made a similar amount to its 2020 profits.

Moreover, even though City Market presented some documentation to support the amount of its claimed damages, the district court was within its discretion to consider it insufficient. *See Faust*, 270 N.W.2d at 120 (holding that one tax return and accompanying testimony "revealed nothing from which the jury could even begin to determine what, if any, profits were lost"). The district court was tasked with awarding lost profits proved with reasonable exactness or probability, *Lagoon Partners*, 999 N.W.2d at 121, so it was not required to accept City Market's position that the 2020 profits were the most relevant to a determination of lost profits simply because they represent the profits earned before M&S breached the lease in 2021. It was within the district's court's discretion to determine that City Market did not prove with reasonable exactness or probability that the 2020 profits would have been earned again absent M&S's breach and to decline to calculate damages based on that amount.

The District Court's Calculation Based on Median Profits from 2020 to 2024

We further conclude that the district court's decision to use the median profits from 2020 to 2024 to calculate damages was not an abuse of discretion. As explained, district courts have broad discretion over awards for damages, s*ee Dunn*, 745 N.W.2d at 555, and appellate courts will sustain any award that is "within the mathematical limitations established by the various witnesses and is otherwise reasonably supported by the evidence as a whole." *Carroll*, 76 N.W.2d at 697. Here, the district court calculated City Market's lost profits using record evidence of its profits and losses, and the award the court reached was reasonable and not "shocking." *Dunn*, 745 N.W.2d at 555. City Market provided no alternative method of calculating damages beyond its 2020-based calculation, and, even if it had, the court was not obligated to adopt City Market's exact amount. *See Carroll*, 76 N.W.2d at 697 (stating that district courts "need not adopt the exact figures of any witness" when calculating a damages award).

We are unpersuaded by City Market's argument that the district court abused its discretion in choosing 2022 as the median year to calculate lost profits because M&S's breach started in 2021. Although M&S began violating the lease prior to 2022, we reiterate that City Market had the burden to prove its losses "to a reasonable probability." *Lagoon Partners*, 999 N.W.2d at 121 (quotation omitted). It provided only one year of pre-breach profits and four years of post-breach profits as evidence. In cases in which damages are difficult to ascertain, recovery may still be permitted "so long as there is proof of a reasonable basis upon which to approximate the amount." *Leoni*, 255 N.W.2d at 826. Here, the district court relied on the proof City Market provided of its damages to reach a reasonable recovery amount, and the median figure the court chose as its benchmark was not an abuse of the court's broad discretion.

II

City Market also challenges the district court's finding that Z.F.'s statements—that City Market's lost profits were "due solely to the actions of M&S" and that "no other factor . . . would explain the losses"—were not credible. We typically defer to district court credibility determinations, *Kenney*, 963 N.W.2d at 222-23, and discern no basis to deviate from that practice here.

City Market argues that the district court clearly erred in its credibility determination because it failed to cite facts in the record supporting its finding or contradicting Z.F.'s claims. It is true that the district court did not offer an explanation for its determination. Even so, under the clear-error standard of review, our role is not to reweigh credibility determinations, but to fairly consider the evidence and determine "that the evidence reasonably supports the decision." *Id.* at 222.

The record contains evidence supporting the district court's negative credibility determination. The Minnesota Supreme Court has stated that "a decline in profitability could be attributable to any number of factors other than [a defendant's] breach," including poor management, market changes, or even a change in the business's name. *Faust*, 270 N.W.2d at 121. In her affidavit, Z.F. failed to rule out any other factors that could have contributed to City Market's considerable decline in profits. Review of the tax return documents Z.F. produced reveals other factors that could have contributed to the decline; for example, rising costs of goods could have been impactful, as the cost of goods listed on the 2020 tax returns are a fraction of the cost of goods listed on the 2021 and 2022 tax returns. Similarly, City Market reported that its costs spent on labor nearly doubled between 2020 and 2023, which could also reduce profitability. This record evidence supports the district court's unfavorable credibility determination because, contrary to Z.F.'s statement, other factors apart from M.S.'s breaches may be able to partially explain the decline in profitability.

We therefore conclude that the district court did not abuse its discretion by finding that Z.F.'s conclusory statement is not credible proof that M&S was the sole cause of City Market's lost profits.

Affirmed.