

Court of King's Bench of Alberta

Citation: La Caille North Point Inc v 2160806 Alberta Ltd, 2026 ABKB 97

Date: 20260212
Docket: 1901 15765
Registry: Calgary

2026 ABKB 97 (CanLII)

Between:

La Caille North Point Inc

Plaintiff/ Defendant by Counterclaim

- and -

2160806 Alberta Ltd and Harmandeep Arora

Defendants/plaintiffs by Counterclaim

**Reasons for Judgment
of the
Honourable Justice Lisa A. Silver**

Introduction

[1] I provided Reasons for Judgment on December 19, 2025 after hearing a trial of this matter arising from the purchase and sale of commercial land. I held that Mr. Arora's third and fourth deposits for the land, totalling \$611,844.76, were forfeited and relief from forfeiture was denied. At the end of those Reasons, I directed the parties to provide written argument on the further damages La Caille was seeking of \$695,515.03 for interest on a bank loan and property taxes of \$159,966.97.

[2] La Caille submits that the bank loan interest and property tax debt are direct costs incurred by La Caille and were a reasonable foreseeable consequence of the breach of contract. It argues it is entitled to be placed in the same position it would have been if the purchase and sale agreement had been performed.

[3] The bank loan was obtained by La Caille to finance the development project and was to be paid off using the proceeds of sale from the closing of Parcel 1 and Parcel 2. La Caille was

required to make interest payments of prime plus 0.75 percent throughout the life of the loan. Payments of deposits and the closing funds for Parcel 1 from Mr. Arora were applied to the loan, but when Parcel 2 failed to close in October 2019, La Caille was unable to pay down the balance of the loan as required. La Caille continued to make interest payments and eventually allocated other funds to pay down the balance in June 2022 and April 2023, with a final payment in May 2023. The bank loan interest paid is therefore from November 1, 2019 to June 23, 2023.

[4] The property taxes claimed similarly start to run from November 1, 2019 and are ongoing to present. La Caille submits that due to the failure to close on Parcel 2 and the various caveats and builder's liens on title it could not sell or market Parcel 2 and continued to incur property taxes. If the sale of Parcel 2 had occurred in October 2019 property taxes would have been adjusted up to the date of closing and La Caille would not have been responsible for any further property taxes for that parcel. The amount claimed at trial were for property taxes paid until the end of 2024. La Caille seeks a pro-rated amount for 2025 of \$23,299.73 plus a daily rate of \$63.83 until this head of damages is determined.

[5] La Caille also seeks indemnity for costs relating to a building lien from Kang Construction that has remained on title and for the lien to be discharged. La Caille submits Kang Construction was an unauthorized contractor and section 9.1(l) of the purchase agreement requires Mr. Arora to indemnify it for failing to comply with the agreement's terms for construction and work on the lands.

[6] Mr. Arora submits the claims for damages for interest and property taxes should be denied. He agrees the objective of a damages award is to place the plaintiff in the position it would have been in had the contract been performed. He submits La Caille's claim would amount to double recovery because La Caille has already been compensated through the forfeited deposits.

[7] Mr. Arora further argues that Parcel 2 increased in value by over \$600,000, which if added to the deposits and damages now claimed would amount to over \$2 million dollars in net benefit to La Caille. That amount substantially exceeds the damages necessary to compensate La Caille and is contrary to compensatory principles governing contract damages.

[8] Mr. Arora also raises the issue of the removal of the servicing on Parcel 2 in breach of a court order. Mr. Arora posits that had the services not been removed the value of Parcel 2 would have been even higher. Moreover, La Caille's actions amount to a failure to mitigate which reduced the land value of the property. Awarding bank interest and property taxes in these circumstances would confer a windfall on La Caille.

[9] I have considered the parties' submissions and agree the loan interest and property tax damages claimed arose from the breach of contract and are recoverable. However, I agree with Mr. Arora that the deposits paid by Mr. Arora are credited against the damages owing to La Caille to avoid double recovery for the following reasons. Finally, the Kang Construction lien will be discharged.

Discussion

[10] The legal basis for contractual damages has been settled at law for some time. Damages for breach of contract should place the plaintiff in the same position as if the contract had been performed: *Fidler v Sunlife Assurance Co of Canada*, 2006 SCC 30, at para 27. These damages

must arise naturally from the breach of contract itself or have been in the contemplation of the parties, *Fidler* at para 27, citing *Hadley v Baxendale*:

Damages for breach of contract should, as far as money can do it, place the plaintiff in the same position as if the contract had been performed. However, at least since the 1854 decision of the Court of Exchequer Chamber in *Hadley v. Baxendale* (1854), 9 Ex. 341, 156 E.R. 145, at p. 151, it has been the law that these damages must be “such as may fairly and reasonably be considered either arising naturally . . . from such breach of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties”.

[11] La Caille’s submission that a breach of contract by a purchaser of real estate naturally results in additional carrying costs, such as financing interest and property taxes, is rationally sound and is supported in the case law.

[12] In *Hassel v Khoshgoo*, 2010 BCSC 233, the vendor established a claim for breach of contract relating to the sale of a house in Vancouver. The primary head of damages was for the difference between the original contract value and the ultimate resale value, as the retail market had fallen. But the Court went on to consider and award other consequential damages. The Court awarded damages for the real estate commission to sell the home after the breach, which it found was a “reasonable expense.” It also awarded mortgage charges incurred on the plaintiffs’ new home while they waited for the resale of their old home, which was “a direct result of the defendant’s breach” at para 36. Similarly, additional water, sewer, insurance and property tax costs were considered “a direct result” of the breach, at para 36.

[13] Property taxes were also awarded in *Panegos v O’Byrne*, 2019 BCSC 679, affirmed, 2020 BCCA 352 and *Mandl v Fong*, 2024 BCSC 1190 at para 103. Carrying costs in the form of interest on financing loans are also frequently awarded, see *Gagne v McCarthy*, 2011 BCSC 493 at para 17 and 26, and *Mandl* at para 103.

[14] Here, Mr. Arora was aware that La Caille had a loan secured over the land. The loan was discussed in relation to the additional \$800,000 payment he made to La Caille when extending the closing date for Parcel 1, with those funds being needed to pay down the loan. Mr. Arora would also have been aware property tax was continuing to accrue on the lands when Parcel 2 failed to close.

[15] I therefore find it foreseeable that La Caille would suffer damages due to the breach in the form of the property taxes and interest costs on the loan. Those damages are recoverable as they flowed directly from the breach of contract.

[16] However, I also agree with Mr. Arora that to allow La Caille to receive these damages, without accounting for the deposit, would result in a type of double recovery. In *Telsec Developments Ltd v Abstak Holdings Inc*, 2020 ABCA 40, *leave to appeal to SCC refused*, [2020] SCCA No 81, both the majority and dissenting justice agreed that a deposit must be credited against a vendor’s damages in this type of case. The dissenting justice noted that “with respect to the deposit, I believe we are all of the view that the trial judge erred. He gave judgment for the full \$2,000,000. Yet there is a plethora of authority to support the proposition that the general rule is that the deposit must be credited against the vendor's damages...”, citing a text and case law in support at paragraph 167 of the decision. See also the majority’s decision at paras 92-93.

[17] The above cites cases of *Hassel*, *Panegos*, and *Mandl* also deducted the deposits paid by the defendants in those cases from the total damages owing.

[18] Accordingly, the deposits paid by Mr. Arora will be deducted from La Caille's damages.

[19] I note Mr. Arora's other submissions on the increased value of the land post-default do not accord with my trial findings, either pertaining to the increase in value or decrease in value as a result of the servicing, and do not impact damages in this case.

Conclusion

[20] La Caille is therefore awarded the following damages:

- a) Interest on the bank loan of \$695,515.03;
- b) Property taxes of \$159,966.97 to the end of December 2024; and
- c) Property taxes calculated at a daily rate of \$63.83 until the date of this judgment;

From this total, the deposits of \$611,844.76 will be deducted. La Caille is then entitled to interest as set as out in section 11 of the Purchase and Sale Agreement.

[21] The builder's lien bearing registration number 191 201 853 shall be discharged.

[22] As was outlined in the Reasons for Judgment, the parties now have 60 days to arrive at an agreement on costs. If the parties cannot agree on the costs after that period, they may each submit to me through my judicial assistant no more than a five page concise letter on costs plus any relevant attachments for my review.

Dated at the City of Calgary, Alberta this 12th day of February, 2026.

Lisa A. Silver
J.C.K.B.A.

Appearances:

Brent W. Mescall, Justin W. Hamilton and Joshua J. Marych
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for the Plaintiff/ Defendant by Counterclaim

Guy Lacourciere, Mehtab Hundal and Omar Tabsh
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for the Defendants/plaintiffs by Counterclaim