Dollar amounts are in thousands of Canadian dollars (except share and per share amounts)

12. Mortgages and Loans Payable (continued)

Estimated future principal payments required to meet mortgage obligations as at December 31, 2013 are as follows:

	Principal repayments by year
2014	$153,589
2015	107,321
2016	111,803
2017	55,214
2018	71,132
Subsequent	210,302
	709,361
Unamortized deferred financing costs	(11,936)
Unamortized mark-to-market adjustments	1,705
	$699,130

The Company has credit facilities set out as follows:

I. A credit facility with a major financial institution, which consists of a $2.0 million revolving demand facility that can be used for the Company's acquisition program and for general business purposes. The interest rate on the debt is prime plus 125 basis points on prime rate advances or 225 basis points over Banker's Acceptances ("BAs"). Killam has the right to choose between prime rate advances and BAs based on available rates and timing requirements. As at December 31, 2013, the Company had assets with a fair value of $1.7 million pledged as collateral to the line and had a balance outstanding of $Nil (December 31, 2012 - $Nil).

II. An operating facility which consists of a $1.0 million revolving demand facility for general business purposes, bearing interest at the lender's prime rate plus 1%. As at December 31, 2013, the Company had letters of credit totaling $0.5 million outstanding against this facility (December 31, 2012 - $0.3 million). The agreement includes certain covenants and undertakings of which the Company is in compliance.

13. Construction Loan

At December 31, 2013, the Company had access to a floating rate non-revolving demand construction loan for the purpose of financing the development of The Plaza and payments are made monthly on an interest-only basis. The construction loan has an interest rate of prime plus 0.75%. The construction loan will be repaid in full and converted into a first mortgage once rental targets have been achieved. As at December 31, 2013, $14.8 million was drawn at an interest rate of 3.75% (December 31, 2012 - $14.1 million at 3.68%).

14. Convertible Debentures

Face Interest Rate %	Effective Interest Rate %	Conversion Price	Face Amount	Maturity	**December 31, 2013**	December 31, 2012
5.65%	7.30%	$13.40	$57,500	November 30, 2017	**$54,395**	$53,733
5.45%	6.30%	$14.60	$46,000	June 30, 2018	**44,576**	44,309
					98,971	98,042
Less: Deferred financing charges					**(2,552)**	(3,118)
					$96,419	$94,924

Killam's $57.5 million convertible subordinated debentures are redeemable at the option of Killam after November 30, 2013, and on or before November 30, 2015 (provided that the current market price of the common shares of the Company on the date on which the notice of redemption is given is not less than 125% of the conversion price). After November 30, 2015, the debentures are redeemable at face value. Upon maturity or redemption, Killam may elect to repay all or any portion of the debentures outstanding by issuing the number of common shares obtained by dividing the aggregate of the principal amount of the debentures that have matured or are being redeemed by 95% of the weighted average market price of the common shares for the preceding 20 days (ending 5 days preceding the fixed date for redemption or maturing). At the time of issuance, the fair value of Killam's obligation to make principal and interest payments was $52.5 million and the fair value of the holders' conversion option was $5.0 million (which is reflected in "Other paid-in capital"). The effective rate of interest on the liability component, which is paid semiannually, is calculated at 7.3%.