South Australian Government Financing Authority

Government of South Australia

State Administration Centre
200 Victoria Square
Adelaide SA 5000

GPO Box 1045
Adelaide SA 5001
DX 56205

Tel 08 8226 9444
Fax 08 8115 1363
mail.safa@sa.gov.au
www.safa.sa.gov.au

ABN 75 277 967 856

SOUTH AUSTRALIAN GOVERNMENT FINANCING AUTHORITY ("SAFA")
A$ Floating Rate [12] June 2020 Select Line SAFA Bonds ("Bonds")
Series: Tranche: One

Draft Term Sheet

This Term Sheet is subject to and must be read in conjunction with the Information Memorandum dated 14 August 2015 ("**Information Memorandum**") which sets out the terms and conditions of the Bonds, the Bond Deed Poll dated 14 August 2015 and the final pricing supplement ("**Pricing Supplement**") to be entered into in connection with the Bonds. The Pricing Supplement prevails to the extent of any inconsistency with this Term Sheet. Terms used but not otherwise defined in this Term Sheet have the meaning given to them in the Information Memorandum.

Issuer:	South Australian Government Financing Authority ("**SAFA**")
Guarantor:	The Treasurer on behalf of the Government of South Australia
Rating:	Standard & Poor's Rating Services: AA+ (stable) Moody's Investor Services, Limited: Aa1 (stable)
Arranger:	UBS AG, Australia Branch
Status:	Unsecured and unsubordinated obligations of the Issuer
Governing Law:	The laws of the State of South Australia
Issue Amount:	A$[100] million, with the ability to upsize
Trade Date:	[6] June 2019
Maturity Date:	[12] June 2020
Reference Rate:	Compounded Daily Reserve Bank of Australia ("RBA") Interbank Overnight Cash Rate ("AONIA") as set out in Annex 1
Interest Rate:	Compounded Daily AONIA +[•]% as set out in Annex 1
Interest Payment Dates:	[12] July 2019, and then monthly, on [12] each month, with the first Full Interest Payment Date being [12] July 2019 and the last Interest Payment Date being the Maturity Date as adjusted in accordance with the Modified Following Business Day Convention
Denominations:	A$1,000 Minimum consideration payable on issue will be A$500,000
Day Count Fraction:	Actual/365 (Fixed)
Business Days:	Sydney, Adelaide
Business Day Convention:	Modified Following Business Day Convention

Public – I1 – A1

Ex-Interest Period:	Zero calendar days prior to the Interest Payment Date.
Issue Date:	[12] June 2019
Issue Price:	Clean Price: [•]% Accrued: [•]% ([•] days) Issue Price: [•]%
Issue Yield:	Compounded Daily AONIA + [•]bps
ISIN:	[•]
Registrar, Issuing and Paying Agent:	Link Market Services Limited (ABN 54 083 214 537)
Calculation Agent:	IHS Markit Benchmark Administration Limited
Record Date:	As specified in the Pricing Supplement.
Form:	Bonds will be issued in registered uncertificated form and will be debt obligations of SAFA which are constituted by the Bond Deed Poll dated 14 August 2015
Settlement:	The Notes will be held within and traded in the Austraclear System.
Section 128F exemption:	The Tranche of Bonds is intended to be issued in a manner which will satisfy the requirements for exemption from interest withholding tax under section 128F of the Income Tax Assessment Act 1936 of Australia.
Selling Restrictions:	As set out in the Information Memorandum.
Listing:	Unlisted
Supplementary information to Information Memorandum:	Nil

Important notice

This Term Sheet has been prepared by SAFA for distribution, in conjunction with the Information Memorandum, to prospective professional investors whose ordinary business includes the buying or selling of securities. It should not be distributed to, and is not intended for, any other person. The Pricing Supplement to be issued in connection with the Bonds prevails to the extent of any inconsistency with this Term Sheet.

This Term Sheet is not an offer to sell, or solicitation of an offer to buy the Bonds.

Persons contemplating the purchase of Bonds must make their own decision as to the sufficiency and relevance for their purpose of the information contained herein and in the Information Memorandum, and undertake their own independent investigation of the appropriateness of the Bonds for them taking into account their financial and taxation circumstances investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary.

Public – I1 – A1

DISCLAIMERS

UBS AG:
This material has been prepared by UBS AG, or an affiliate thereof ("UBS"). In certain countries UBS AG is referred to as UBS SA.

This material is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. This material is subject to and must be read in conjunction with the terms and conditions of the securities, the information memorandum for the securities and the pricing supplement relating to this issue. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the materials. It should not be regarded by recipients as a substitute for the exercise of their own judgement. UBS is not providing any financial, legal, tax or other advice to any recipient. Any opinions expressed in this material are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. UBS is under no obligation to update or keep current the information contained herein.

UBS, its directors, officers and employees' or clients may have or have had interests or long or short positions in the securities or other financial instruments referred to herein and may at any time make purchases and/or sales in them as principal or agent. UBS may act or have acted as market-maker in the securities or other financial instruments discussed in this material. Furthermore, UBS may have or have had a relationship with or may provide or has provided investment banking, capital markets and/or other financial services to the relevant companies. UBS, in its capacity as principal or agent is involved in a wide range of commercial banking and investment banking activities globally from which conflicting interests or duties may arise. UBS may provide services to any member of the same group as the Issuer or any other entity or person (a “Third Party”), engage in any transaction (on its own account or otherwise) with respect to the Issuer or a Third Party, or act in relation to any matter for itself or any Third Party, notwithstanding that such services, transactions or actions may be adverse to the Issuer or any member of its group, and UBS may retain for its own benefit any related remuneration or profit.
Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this material.

By accepting this material, you acknowledge and agree that UBS is acting, and will at all times act, as an independent contractor on an arm’s-length basis and is not acting, and will not act, in any other capacity, including in a fiduciary capacity, with respect to you.

There are references in this material to credit ratings. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant assigning organisation. Credit ratings are for distribution only to a person (a) who is not a “retail client” within the meaning of section 761G of the Corporations Act 2001 (Cth) (“Corporations Act”) and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person may be located. Anyone who is not such a person is not entitled to receive this material and anyone who receives this material must not distribute it to any person who is not entitled to receive it.

This document and the information contained herein, are not for publication or distribution, directly or indirectly, to persons in the United States (within the meaning of Regulation S under the US Securities Act of 1933, as amended (the "Securities Act") or to entities in Canada or Japan or any other jurisdiction which prohibits the same except in compliance with applicable securities laws.

UBS specifically prohibits the redistribution or reproduction of this material in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. © UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

SAFA South Australian Government Financing Authority

UBS

Annex 1

Payment Calculation

Each coupon payment will be calculated as being the Compounded Daily RBA Interbank Overnight Cash Rate **("AONIA")** plus or minus the margin as specified in the final terms.

Compounded AONIA means the rate of return of a daily compounded investment as calculated by the calculation agent on the Interest Determination Date, as follows, and the resulting percentage be rounded if necessary to the fourth decimal place (i.e. to the nearest one ten-thousandth of a percentage point), with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{AONIA_{i-3\ SBD}\ X\ n_i}{365}\right)-1\right]X\frac{365}{d}$$

where:

d is the number of calendar days in the relevant Interest Period

$\boldsymbol{d_0}$ is the number of Sydney business days in the relevant Interest Period

i is a series of whole numbers from one to d_0, each representing the relevant Sydney business day in chronological order from, and including, the first Sydney business day in the relevant Interest Period;

Sydney business day or **SBD** means any day on which commercial banks are open for general business in Sydney

$\boldsymbol{n_i}$, for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following Sydney business day

Observation Period means the period from and including the date falling three Sydney business days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling three Sydney business days prior to the Interest Payment Date for such Interest Period (or the date falling three Sydney business days prior to such earlier date, if any, on which the securities become due and payable);

the AONIA reference rate, in respect of any Sydney business day, is a reference rate equal to the daily Reserve Bank of Australia ("RBA") Interbank Overnight Cash Rate for such Sydney business day as provided by the RBA and then published to the Relevant Screen Page (Reuters RBA30; Bloomberg RBAO7 on the Sydney business day immediately following such Sydney business day); and

$\boldsymbol{AONIA_{i-3\ SBD}}$ means the RBA Interbank Overnight Cash Rate ("AONIA") for the Sydney business day falling three Sydney business days prior to the relevant Sydney business day “i”.

Public – I1 – A1

Annex 2

Indicative conventions

$$P = \frac{Z\left(\tilde{b} + IM\right) \times \frac{d}{365} + \left(\frac{IM - TM}{k}\right) A_n^i + 1}{1 + (r + TM) \times \frac{f}{365}} \times 100$$

P = price per $100 per face value

Z = 1 if there is an annuity payment to the purchaser at the next annuity payment date, 0 if there is no payment to the purchaser at the next annuity payment date

d = number of days in the current interest period

IM = interest margin (as a percentage) paid in addition or deduction from the floating benchmark

TM = trading margin (as a percentage) paid in addition to the floating benchmark

k = payment frequency of FRN (e.g. 2 = semi-annual, 4 = quarterly, 12 = monthly)

r = Overnight Index Swap (OIS) as applicable to the payment frequency of the FRN (e.g. 1-month for monthly, 3-month for quarterly)

f = number of days from pricing/settlement to next interest payment date

$$A_n^i = \frac{1 - (1 + i)^{-n}}{i}$$

$$i = \frac{r + TM}{k}$$

n = number of complete interest periods to maturity as at the next interest payment date

$\tilde{b}$ = daily compounded AONIA fixings:

$$\left[\prod_{j=1}^{D}\left(1 + \frac{AONIA_j \times n_j}{365}\right) - 1\right] \times \frac{365}{d}$$

D = number of business days in the current interest period

n_j = number of calendar days from and including business day j from the current interest period, up to but excluding the following business day

$AONIA_j$ = AONIA fixing for business day j from the observation period (the current interest period offset by the observation lag); when unknown, assumed equal to r

Public – I1 – A1