



AFRX Security Token and Afrail Inc. Share Conversion Policy

White Paper
Date: May 7, 2025
Prepared by: Afrail Inc.

1. Executive Summary

This white paper provides a comprehensive overview of the AFRX token, its structure, regulatory framework, and conversion mechanics into Class A and Preferred Shares of Afrail Inc., a U.S. Delaware incorporated corporation. The AFRX token is designed to bridge digital asset innovation with compliant equity participation, offering global investors a secure, regulated gateway to share ownership.

AFRX by Afrail Inc. — Regulated, Asset-Backed Digital Security Token

AFRX is a compliant, asset-backed digital security token issued by Afrail Inc., built on the ERC-1400 standard on the Ethereum blockchain. It is designed to securely raise capital and offer tokenized investor access to Afrail Inc.'s smart rail infrastructure projects across Africa, the Middle East, the US, and global markets.

Regulatory Compliance:

AFRX is offered in compliance with:

- Regulation D Rule 506(c) — for accredited U.S. investors, with general solicitation and investor verification
- Regulation S — for non-U.S. investors outside U.S. jurisdiction

Ticker Symbol:

AFRX — reserved for listing on regulated digital securities exchanges

Blockchain & Smart Contract Technology:

Blockchain: Ethereum

Token Standard: ERC-1400

GitHub Repository (Smart Contract & White Paper): <https://github.com/afrail-inc/afrex-security-token>

Asset-Backed, Convertible Structure:

- Backing: AFRX is backed 1:1 by 57,770,000 Class A common shares of Afrail Inc.



- Voting Rights: Each Class A share equals one vote

Convertibility Options:

- 100 AFRX tokens = 1 Class A common share of Afrail Inc.
- 300 AFRX tokens = 1 Preferred share of Afrail Inc.
- Vice versa convertibility applies
- Revenue Sharing: Quarterly distributions to AFRX token holders from Afrail Inc.'s revenues

Purpose & Use Cases:

AFRX enables:

- Financing of AfrailX and ArailX smart rail systems and its ecosystem infrastructure development
- Digital, regulated access to infrastructure equity and returns
- Programmable, blockchain-native capital formation
- Integration into digitally-native investment portfolios

Tokenization & Listing Schedule:

- Tokenization Launch: May 26, 2025 on Tokeny
- Exchange Listing: INX Digital Securities Exchange
- Auditing: Certik

Key Features at a Glance:

- Compliant Offering (Reg D / Reg S)
- ERC-1400 Ethereum Token with compliance controls
- Backed by Afrail Inc. Equity (Class A & Preferred Shares)
- Convertible (100 AFRX = 1 Class A, 300 AFRX = 1 Preferred)
- Quarterly Revenue Sharing
- Blockchain transparency + off-chain enforceability
- Accessible to global accredited and institutional investors

Strategic Vision:

AFRX is a financial rail for a physical rail revolution—merging compliant digital securities with real-world infrastructure, empowering a new generation of investors to share in the transformation of sustainable urban transport.

2. AFRX Token Overview

AFRX is a security token issued by Afrail Inc., backed 1:1 with the company's equity. AFRX tokens are issued in full compliance with U.S. securities laws, offering transparency and regulatory clarity.

Token Details:

- Token Name: AFRX



- Total Token Supply: 5,770,000,000 AFRX
- Backing: 57,700,000 Class A Shares of Afrail Inc.
- Conversion Ratio: 100 AFRX = 1 Class A Share
- Token Standard: ERC-1400
- Tokenization Platform: Tokeny
- Smart Contract Address: To be provided post-tokenization
- Tokenization Date: May 26, 2025
- Trading Venue: INX Digital Asset Exchange
- Auditing by Certik

3. Regulatory Compliance

AFRX tokens are issued in compliance with:

- Regulation D Rule 506(c) of the U.S. Securities Act of 1933, as amended: For accredited U.S. investors, permitting general solicitation with investor verification.
- Regulation S: For non-U.S. investors outside the jurisdiction of U.S. securities laws.

These exemptions ensure legal clarity and investor eligibility in multiple jurisdictions.

4. Conversion to Class A Shares

AFRX tokens may be converted into Class A Shares of Afrail Inc., which are the standard voting equity class.

Conversion Details:

- Rate: 100 AFRX = 1 Class A Share
- Backing: Fully backed by 57,700,000 Class A Shares held in reserve
- Voting Rights: 1 vote per share
- Dividends: Paid quarterly
- Liquidity: Subject to lock-up; tradable in compliant markets

5. Conversion to Preferred Shares

Preferred Shares are available for conversion by investors seeking higher economic preference without governance rights.

Conversion Details:

- Rate: 1 Preferred Share = 300 AFRX
- Voting Rights: None



- Dividends: Priority and/or cumulative
- Liquidation: Senior to Class A
- Best For: Yield-focused or institutional investors

6. Lock-Up Period

All AFRX token conversions are subject to a 180-day lock-up period from the date of issuance or conversion. This supports compliance, reduces volatility, and aligns long-term shareholder incentives.

7. Liquidity & Trading

AFRX will be listed for secondary trading on INX, a regulated digital securities exchange providing liquidity within compliant frameworks under U.S. and international securities laws.

8. Share Conversion Matrix

Share Class	Voting Power	Dividend Priority	AFRX Equivalent
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Class A Share	1 vote	Standard	100 AFRX
Preferred Share	None	Preferred	300 AFRX

9. Governance and Amendments

Afrail Inc. reserves the right to update this policy through board approval, subject to applicable laws and material shareholder notification.

10. Contact & Support

Afrail Inc. – Investor Relations

Email: investors@afrail.xyz

Website: www.afrail.xyz

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