

Ara Partners Secures \$335 Million Financing for U.S. Permanent Magnet Manufacturing Facility, Strengthening EV Supply Chain

written by Tracy Hughes | September 5, 2024

[Ara Partners](#), a global private equity firm dedicated to decarbonizing the industrial economy, has successfully closed a \$335 million non-recourse [financing](#) for a groundbreaking permanent magnet manufacturing facility. This U.S.-based facility, a first of its kind, represents a significant step in strengthening domestic supply chains for industries such as electric vehicles (EVs), aerospace, and renewable energy.

Located in Sumter County, South Carolina, the facility will be operated by e-VAC Magnetics, LLC, a newly formed U.S. entity owned by Ara Partners. The financing was arranged by several leading financial institutions, including BMO, Mitsubishi UFJ Financial Group, and Société Générale, demonstrating strong market confidence in the project's potential. BMO served as the administrative agent, while MUFG acted as the hedge coordinator.

The facility is set to produce rare earth permanent magnets, a critical component in EV motors, to support General Motors' extensive range of electric vehicles. This follows a binding agreement signed between e-VAC and GM in January 2023, ensuring GM will receive support from the facility for at least a decade.

Tuan Tran, Partner at Ara Partners, emphasized the importance of this project, stating, "This facility is a cornerstone in

solidifying the United States' electric vehicle value chain. We are grateful for the support from our lending partners and federal initiatives that have made this project possible.”

The project also received a Defense Production Act Title III grant and a \$111.9 million Qualifying Advanced Energy Project Tax Credit, further showcasing federal backing. As Ara Partners and Vacuumschmelze GmbH & Co. KG (VAC) lead this ambitious project, they continue to push forward innovation in sustainable manufacturing and energy transition.

This financing reinforces the U.S. government and private sector's commitment to building a robust and secure domestic magnet supply chain, crucial for advancing the energy transition and national security efforts.