

GRAMERCY CAPITAL CORP  
Form 4  
November 21, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MORGAN STANLEY

2. Issuer Name and Ticker or Trading Symbol  
GRAMERCY CAPITAL CORP  
[GKK]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
11/13/2007

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

1585 BROADWAY

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

NEW YORK, NY 10036

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3)           | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |        |   |  |
|---|--------------------------------------|--|--------------------------------|---|---|--|---|--------|---|--|
|   |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |        |   |  |
| Common Stock, par value \$0.001 per share | 11/13/2007                           |  | P                              |   | 15,049  | A  | \$ 24.34  | 97,258 | I | By other MS Reporting Units <sup>(3)</sup> <sup>(4)</sup> <sup>(5)</sup> |
| Common Stock, par value \$0.001 per share | 11/16/2007                           |  | S                              |   | 871   | D  | \$ 23.12  | 96,387 | I | By other MS Reporting Units <sup>(3)</sup> <sup>(4)</sup> <sup>(5)</sup> |
| Common Stock, par value \$0.001 per share | 11/16/2007                           |  | S                              |   | 29,829  | D  | \$ 22.99  | 66,558 | I | By other MS Reporting Units <sup>(3)</sup> <sup>(4)</sup> <sup>(5)</sup> |

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|   |  |  |  |           |   |  |
|---|--|--|--|-----------|---|--|
| value<br>\$0.001 per<br>share                         |  |  |  |           |   | Reporting<br>Units <u>(3)</u> <u>(4)</u><br><u>(5)</u>                 |
| Common<br>Stock, par<br>value<br>\$0.001 per<br>share |  |  |  | 3,809,524 | I | By SSF III<br>Gemini LP<br><u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(5)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number<br>of<br>Derivative<br>Securities<br>Acquired<br>(A) or<br>Disposed<br>of (D)<br>(Instr. 3,<br>4, and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and<br>Amount of<br>Underlying<br>Securities<br>(Instr. 3 and 4) | 8. Price of<br>Derivative<br>Security<br>(Instr. 5) | 9. Nu<br>Deriv<br>Secur<br>Bene<br>Own<br>Follo<br>Repo<br>Trans<br>(Instr |
|---|--|---|---|--------------------------------------|--|--|---|---|--|
|   |  |   |   |                                      |  | Date<br>Exercisable  | Expiration<br>Date  | Title   | Amount<br>or<br>Number<br>of<br>Shares                                     |
|   |  |   |   |                                      |  | Code   | V   | (A)   | (D)  |

## Reporting Owners

| Reporting Owner Name / Address                        | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| MORGAN STANLEY<br>1585 BROADWAY<br>NEW YORK, NY 10036 |               | X         |         |       |

## Signatures

/s/ Dennine Bullard, By: Morgan Stanley, By: Dennine Bullard, Authorized  
Signatory

11/21/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The reporting person for the purposes of this Form 4 is Morgan Stanley. By virtue of the relationships described below, Morgan Stanley may be deemed to have shared voting and dispositive power with respect to 3,809,524 shares (the "Gemini Shares") of common stock, par value \$0.001, of Gramercy Capital Corp. (the "GKK Common Stock") held by SSF III Gemini, LP ("Gemini"). Accordingly, for the purposes only of this Form 4, Morgan Stanley may be deemed to be a 10% Owner.

(2) SSF III Gemini GP, LLC ("Gemini GP") is the general partner of Gemini. Morgan Stanley Real Estate Special Situations Fund III, L.P. ("SSF III") is the sole member of Gemini GP and the limited partner of Gemini. Morgan Stanley Real Estate Special Situations III-GP, L.L.C. ("SSF III GP") is the general partner of SSF III. MSRESS III Manager, L.L.C ("MSRESS Manager") is the managing member of SSF III GP. MSRESS III, Inc. ("MSRESS III") is the managing member of MSRESS Manager, and is a wholly-owned subsidiary of Morgan Stanley.

(3) Immediately prior to the transactions reported in this Form 4, in addition to the Gemini Shares, Morgan Stanley may be deemed to have beneficially owned an additional 97,258 shares of GKK Common Stock beneficially owned by other operating units (collectively, the "MS Reporting Units") of Morgan Stanley, its subsidiaries and affiliates (collectively, "MS"). The transactions reported in this Form 4 were effected by the MS Reporting Units and do not relate to the Gemini Shares.

(4) In addition to the Gemini Shares, and after taking into account the transactions reported in this Form 4, Morgan Stanley may be deemed to beneficially own 66,558 shares (the "Additional Shares") of GKK Common Stock beneficially owned by the MS Reporting Units. This filing does not reflect securities, if any, beneficially owned by any operating units of MS whose ownership of securities is disaggregated from that of the MS Reporting Units in accordance with Securities and Exchange Commission Release No. 34-39538 (1/12/98).

(5) Neither the filing of this Form 4 nor any of its contents shall be deemed to constitute an admission by Morgan Stanley that it is the beneficial owner of any of the Gemini Shares or the Additional Shares for purposes of Section 16 of the Exchange Act, or for any other purpose, and Morgan Stanley disclaims beneficial ownership thereof except to the extent of its pecuniary interest therein, if any.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.