

GRAMERCY CAPITAL CORP  
 Form 3  
 November 13, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 (Last) (First) (Middle) 1585 BROADWAY, (Street) NEW YORK, NY 10036 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 11/02/2007	3. Issuer Name and Ticker or Trading Symbol GRAMERCY CAPITAL CORP [GKK]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)	5. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person
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**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, par value \$0.001 per share	3,809,524	I <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	By SSF III Gemini LP (see notes under explanation of responses)
Common Stock, par value \$0.001 per share	97,258	I <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>	By other MS Reporting Units (see notes under explanation of responses)

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

SEC 1473 (7-02)

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

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1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORGAN STANLEY 1585 BROADWAY NEW YORK, NY 10036	^	^ X	^	^
Morgan Stanley Real Estate Special Situations Fund III, L.P. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^
SSF III Gemini, LP 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^
SSF III Gemini GP, LLC 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^
Morgan Stanley Real Estate Special Situations Fund III-GP, L.L.C. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^
MSRESS III Manager, L.L.C. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^
MSRESS III, Inc. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	^	^ X	^	^

## Signatures

/s/ Dennine Bullard, Authorized  
Signatory

11/13/2007

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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 persons for the purposes of this Form 3 (the "Reporting Persons") are: - SSF III Gemini, LP ("Gemini") - SSF III Gemini GP, LLC ("Gemini GP") - Morgan Stanley Real Estate Special Situations Fund III, L.P. ("SSF III") - Morgan Stanley Real Estate Special Situations III-GP, L.L.C. ("SSF III GP") - MSRESS III Manager, L.L.C ("MSRESS Manager") - MSRESS III, Inc. ("MSRESS III") - Morgan Stanley

(2) Gemini is the record holder of 3,809,524 shares (the "Gemini Shares") of common stock, par value \$0.001, of Gramercy Capital Corp. (the "GKK Common Stock"). Gemini GP is the general partner of Gemini. SSF III is the sole member of Gemini GP and the limited partner of Gemini. SSF III GP is the general partner of SSF III. MSRESS Manager is the managing member of SSFIII GP. MSRESS III is the managing member of MSRESS Manager, and is a wholly-owned subsidiary of Morgan Stanley. The address of the principal business office of each of the Reporting Persons is 1585 Broadway, New York, NY 10036.

(3) By virtue of the relationships described above, each of the Reporting Persons may be deemed to have shared voting and dispositive power with respect to the Gemini Shares. Accordingly, for the purposes only of this Form 3, each of the Reporting Persons may be deemed to be a 10% Owner. Neither the filing of this Form 3 nor any of its contents shall be deemed to constitute an admission by any Reporting Person that it is the beneficial owner of any of the Gemini Shares for purposes of Section 16 of the Exchange Act, or for any other purpose, and each of the Reporting Persons disclaims beneficial ownership thereof except to the extent of its pecuniary interest therein.

(4) In addition to the Gemini Shares, Morgan Stanley may be deemed to beneficially own an additional 97,258 shares (the "Additional 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"). 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). Neither the filing of this Form 3 nor any of its contents shall be deemed to constitute an admission by any Reporting Person that it is the beneficial owner of any of such Additional Shares for purposes of Section 16 of the Exchange Act, or for any other purpose, and each of the Reporting Persons 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.