GRAMERCY CAPITAL CORP
Form 4
April 07, 2008

FORM 4

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

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

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).

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

3. Date of Earliest Transaction (Month/Day/Year)
12/27/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) __X__ Other (specify below)
No longer 10% Owner

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

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.001 per share	12/27/2007		S		352	D	$ 23.32	66,539	I	By other MS Reporting Units (4) (5)
Common Stock, par value $0.001 per share	04/01/2008		J(1)		511,356	A	(1)	577,895	I	By other MS Reporting Units (1) (4) (5)
Common Stock, par								3,809,524	I	By SSF III Gemini LP

value $0.001 per share	(2) (3) (5)

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

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	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				No longer 10% Owner
Morgan Stanley Real Estate Special Situations Fund III, L.P. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036				No longer 10% Owner
SSF III Gemini, LP 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036				No longer 10% Owner
SSF III Gemini GP, LLC 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036				No longer 10% Owner

Morgan Stanley Real Estate Special Situations Fund III-GP, L.L.C. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	No longer 10% Owner
MSRESS III Manager, L.L.C. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	No longer 10% Owner
MSRESS III, Inc. 1585 BROADWAY 37TH FLOOR NEW YORK, NY 10036	No longer 10% Owner

Signatures

/s/ Dennine Bullard, Authorized Signatory	04/07/2008
**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 consummation of the transaction (the "AFR Transaction") contemplated by that certain Merger Agreement, dated as of November 2, 2007, among the Issuer, American Financial Realty Trust ("AFR") and certain of their respective affiliates occurred on April 1, 2008. Pursuant to the AFR Transaction, certain operating units (collectively, the "MS Reporting Units") of Morgan Stanley, its subsidiaries and affiliates (collectively, "MS") became entitled to receive 0.12096 shares of common stock, par value $0.001, of the Issuer (the "GKK Common Stock") in respect of each share of AFR common stock held by the MS Reporting Units (the aggregate of 511,356 shares of GKK Common Stock such MS Reporting Units became entitled to receive, the "Merger Shares").

(2) 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 GKK Common Stock held by SSF III Gemini, LP ("Gemini"). Accordingly, prior to consummation of the AFR Transaction, Morgan Stanley may have been deemed to have been a 10% Owner. As a result of the issuance of shares GKK Common Stock pursuant to the AFR Transaction, the Gemini Shares, together with the Merger Shares and the Additional Shares described in Note (4) constitute less than 10% of the outstanding GKK Common Stock.

(3) 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 SSFIII GP. MSRESS III, Inc. ("MSRESS III") is the managing member of MSRESS Manager, and is a wholly owned subsidiary of Morgan Stanley.

(4) Morgan Stanley may be deemed to beneficially own the Merger Shares and 66,539 shares of GKK Common Stock (the "Additional Shares") beneficially owned by the MS Reporting Units.

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

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